



# ***Daily Report***

## **China**

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# Daily Report

## China

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26 March 1996

**NOTICE:** An \* indicates material not disseminated in electronic form.

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### General

#### PRC: Spokesman Accuses Britain of 'Sabotaging' Hong Kong Plans

OW2603091296 Hong Kong AFP in English  
0901 GMT 26 Mar 96

[FBIS Transcribed Text] Beijing, March 26 (AFP) — China's Foreign Ministry slammed Britain Tuesday for protesting Beijing's plans to scrap Hong Kong's elected legislature and accused London of sabotaging the 1997 handover of the territory.

When asked to comment on the protest made by Britain's Ambassador in Beijing, Leonard Appleyard, Foreign Ministry spokesman Shen Guofang said: "Such an accusation is unacceptable."

"The Chinese Government has paid high attention to the transition of Hong Kong and has made a smooth-train arrangement for the Legislative Council. But due to the sabotage of the British side, this through-train arrangement cannot be realised," he added.

The through-train arrangement was agreed between Beijing and London in their 1984 Joint Declaration and was meant to guarantee that Hong Kong's Government would continue past the transition.

But the Beijing-selected Preparatory Committee for Hong Kong's transition to Chinese sovereignty on July 1, 1997 announced Sunday it had voted overwhelmingly in favour of scrapping the current Legislative Council (Legco), replacing it with a provisional council, pending new arrangements.

Appleyard protested Monday the scrapping of the elected body and urged China to show that the people of Hong Kong — and not those appointed by Beijing — will be ruling the colony following the handover. "We have no intention at all of excluding anyone through the establishment of the provisional legislative council," Shen said.

Anyone, in accordance with the Joint Declaration and the Hong Kong basic law, can become a candidate for the provisional Legco "after going through certain procedures," he added.

Shen said the only criteria were to "love the motherland and support the basic law," but the one dissenting voice from the 150-strong Preparatory Committee, Hong Kong legislator Frederick Fung, was swiftly told he would not be eligible to sit on the body.

On Monday a senior official of China's XINHUA NEWS AGENCY said that none of the members of the Hong Kong Democratic Party, the biggest political party in the territory, would be eligible to sit on the reformed legislature.

"If someone has some different ideas, that doesn't matter," Shen claimed.

Hong Kong expanded the electorate in its latest Legco elections in September 1995, without the approval of China. This prompted Beijing to say it would scrap the Hong Kong Government and the "through-train" arrangement.

"In the last few days before the handover, we hope the British side will closely cooperate with the Chinese side instead of making trouble," Shen said.

#### PRC: Spokesman Rejects Summit Until Taiwan Abandons Separatism

OW2603110996 Hong Kong AFP in English  
1056 GMT 26 Mar 96

[FBIS Transcribed Text] Beijing, March 26 (AFP) — China on Tuesday ruled out an early summit with Taiwan, saying it would not even consider such a meeting until Taipei abandoned what Beijing believes to be efforts to achieve independence.

"In the past, we often referred to a meeting between leaders of the two sides of the Taiwan Strait," said Foreign Ministry spokesman Shen Guofang, three days after President Li Teng-hui's landslide re-election in Taiwan's first free presidential polls.

"However this form of meeting is not yet on our agenda because we still have to see whether the Taiwan side will stop its activities to create two Chinas," Shen said.

Although Lee has expressed hopes for eventual reunification with the mainland, the state-run Chinese media launched an intensive pre-election campaign, lambasting the premier as a covert independence supporter.

Shen put the ball for easing tensions firmly in the court of Taipei as well as Washington, saying that although "the door (for talks) is always open" from China's side, it "has been closed by them."

"The door must be opened by them... We are waiting right on the other side," added Shen.

"In the first place they must stop these activities, then relations between the two sides can be relaxed and only after that can we discuss anything else," he added.

In clear reference to the United States, Shen said "a certain country's" interference in China's internal affairs by selling "large amounts of sophisticated weapons" to the island was also to blame for the deterioration in cross-strait ties.

Washington recently approved new sales of weapons to Taiwan — seen by Beijing as a renegade province of

the mainland — in response to China's intimidatory war games ahead of the island's elections.

Taiwan's ruling Kuomintang fled to the island after losing a civil war to Mao Zedong's communist forces in 1949.

Conciliatory statements from Beijing since the polls have been interpreted by some foreign analysts as a sign that China's President Jiang Zemin might have been ready to consider a summit with Li.

Asked specifically what actions were needed from Taiwan, the spokesman said that, while Beijing would accept Taiwan engaging in people-to-people, economic and cultural ties with other countries, "it must not maintain official, state-to-state relations with the outside world." Even less acceptable were its efforts to gain access to the United Nations, he said, adding that, in addition, "foreign forces must stop interfering." "If all these obstacles are removed, I believe relations across the Taiwan Strait will be greatly improved," he said.

Shen, when questioned on the chance of resuming talks between semi-official bodies set up in the early 1990s to ease cross-strait tensions, once again said the "obstacles" created by Taiwan and foreign forces must first be removed.

Talks between the bodies have been suspended since June, when a visit by Li to the United States prompted a sharp downturn in ties between China and Taiwan.

Shen gave a similar answer when questioned on the possibility of opening direct trade, transport and communications links with Taiwan, saying Beijing was waiting for a "favourable response" from Taiwan to long-standing Chinese proposals.

The spokesman stressed Beijing's desire to see the peaceful reunification of Taiwan with China, saying, "this accords with the interests of the people on the two sides of the Taiwan Strait."

But, he added, "we cannot undertake that we will not use non-peaceful means because this is directed against separatist advocates of independence."

His comments came the day after China ended an 18-day series of military exercises in the Taiwan Strait aimed at intimidating Taiwan voters before and during the polls and, in particular, forcing Li to give up efforts to boost the island's international status.

## PRC: Spokesman Denies Sale of Nuclear Technology to Pakistan

OW2603104096 Hong Kong AFP in English  
1028 GMT 26 Mar 96

[FBIS Transcribed Text] Beijing, March 26 (AFP) — China made a point-blank denial that it had sold any nuclear technology to Pakistan Tuesday and warned Washington not to base its policies on "hearsay."

"China has never transferred or sold any nuclear technology or equipment to Pakistan," Foreign Ministry spokesman Shen Guofang said when asked to confirm U.S. intelligence reports that Beijing sold 5,000 ring magnets to Islamabad.

"We therefore hope the U.S. Government will not base its policy-making on hearsay," he said, adding that "some people" in the United States were trying to derail Sino-U.S. relations by using "unfounded things" to influence the White House.

Ring magnets are used in gas centrifuges but can be harnessed to enrich uranium in order to make it weapons-grade quality.

In spite of Shen's denials, The WASHINGTON POST reported Sunday that the high-level U.S. official who attended non-proliferation talks in China last week had failed to get an assurance from Beijing that it rule out future shipments of sensitive nuclear-related equipment to Pakistan or Iran.

Washington is mulling punitive sanctions against Beijing for the alleged sale.

It has already imposed a temporary freeze on low-cost loans and loan guarantees from the Ex-Im Bank to U.S. firms operating in China, as a 1994 law bars the bank from loaning to nations that help other countries develop nuclear weapons.

Pakistan denies purchasing the magnets from China and insists the only nuclear help it is getting from Beijing is on the construction of a 300-megawatt nuclear power station.

Islamabad welcomed a reported decision from Washington on Thursday to release nearly 400 million dollars worth of military equipment that Pakistan paid for but the United States froze in a 1990 nuclear embargo.

U.S. intelligence officials believe Pakistan has built several atom bombs.

China is one of the world's five declared nuclear powers, and the only one to continue nuclear testing, despite an unofficial moratorium from Russia, the United States, Britain and most recently France.

**PRC: Spokesman Says Qian Qichen To Visit Japan  
31 Mar-3 Apr**

OW2603084596 *Beijing XINHUA in English*  
0839 GMT 26 Mar 96

[FBIS Transcribed Text] Beijing, March 26 (XINHUA)  
— At the invitation of Japanese Foreign Minister Ikeda Yukihiko, Chinese Vice-Premier and Foreign Minister Qian Qichen will pay an official visit to Japan from March 31 to April 3.

The Chinese Foreign Ministry Spokesman Shen Guofang made the announcement at a press conference here this afternoon.

**PRC: Premier Li Peng Meets UN Secretary General Butrus-Ghali**

OW2603105096 *Beijing XINHUA in English*  
1007 GMT 26 Mar 96

[FBIS Transcribed Text] Beijing, March 26 (XINHUA)  
— Chinese Premier Li Peng met with visiting UN Secretary General Butrus Butrus-Ghali at the Diaoyutai State Guesthouse here today.

The meeting is continuing at press time. They were expected to exchange views on a wide range of issues of common concern. On Monday, the UN chief held detailed discussions with Chinese Vice-Premier and Foreign Minister Qian Qichen.

Ghali arrived here on Sunday for a five-day official visit at the invitation of the Chinese government.

**PRC: President Jiang Zemin Meets UN Secretary General**

OW2603120596 *Beijing XINHUA in English*  
1146 GMT 26 Mar 96

[FBIS Transcribed Text] Beijing, March 26 (XINHUA)  
— Chinese President Jiang Zemin met with visiting United Nations Secretary General Butrus Butrus-Ghali in Zhongnanhai, the site of the Chinese government, here today.

They had a friendly conversation on strengthening the relations between the UN and China and issues of mutual concern.

Jiang expressed his joy to meet Ghali again, and said he believed that the visit by Ghali, a friend of the Chinese people, would deepen the friendship and understanding between the UN and China.

Recalling his presence at the celebrations marking the 50th anniversary of the UN founding in New York last October, Jiang said that he was deeply impressed by the celebrations.

The world is still in a process of complicated and profound changes, with peace and development remaining the major tasks of the current world, Jiang said. Peace and development are complementary and closely related to each other. The UN still has much to do before lasting global peace and common development are attained, he added.

Jiang defined the UN formed by sovereign countries as a most representative international organization of governments, the role of which can not be replaced by any other international organization. Most of the UN member nations are developing countries, he noted.

The Chinese Government holds that all countries, big or small, rich or poor, should have equal rights to participate in international affairs and that UN affairs should be handled by all its member states through consultations, he said. Only in this way can the UN accomplish its historical mission and meet the changing situations of the world.

As one of the founders of the UN and a permanent member of the UN Security Council, China attaches importance to and supports the UN as it plays its positive role in international affairs in line with the UN Charter's principles, Jiang said, adding that his country will continue to support the work of the UN and its Secretary General while actively involving itself in UN activities.

Butrus-Ghali thanked the Chinese Government for its efforts in successfully convening the Fourth World Conference on Women last year. He hoped that in the future more UN-sponsored international conferences would be held in Beijing.

Referring to Butrus-Ghali's promise that the UN will increase its aid to African countries in the years to come, Jiang said China has always attached importance to African affairs and the development of Africa. China offered whatever help it could to African countries for social and economic growth in the past, and, in the future it will increase exchanges and co-operation with African countries in various forms.

**PRC: Qian Qichen Meets Butrus-Ghali, Reaffirms Taiwan Policy**

OW2503214296 *Beijing XINHUA Domestic Service in Chinese* 1500 GMT 25 Mar 96

[By reporter Yang Guojun (2799 0948 6874)]

[FBIS Translated Text] Beijing, 25 Mar (XINHUA) — Qian Qichen, State Council vice premier and foreign minister, held talks here today with UN Secretary General Butrus Butrus-Ghali. The two had an in-depth



exchange of views on UN-China relations, some of the pressing problems facing the United Nations, and the nuclear-test ban treaty.

Butrus-Ghali expressed his thanks to China for its support for various UN undertakings, especially for its efforts in successfully convening the Fourth World Conference on Women. He said: China has also hosted or taken part in many international conferences and activities within the UN framework. Activities held in connection with "World Water Day" in Beijing several days ago were highly successful. He said: China has also taken many follow-up actions to implement plans laid out at UN conferences.

Qian Qichen said: China and the United Nations enjoy good cooperative relations. As a founding member of the United Nations and a permanent member of the UN Security Council, China has a duty to support UN undertakings. In the future, China will continue to take an active part in and lend support to UN undertakings.

Speaking of some pressing problems facing the United Nations, including financial problems, Butrus-Ghali said: The United Nations is facing a serious financial crisis because some member countries owe large sums for membership dues and peacekeeping costs. If a solution is not forthcoming, UN operations will encounter great difficulties. Butrus-Ghali expressed the hope that all UN members would recognize the seriousness of this problem, and jointly explore and search for ways and means to solve the crisis.

Qian Qichen said: China is deeply concerned about the United Nations' current financial state and believes that the problem is indeed "growing more serious with each passing day." He said: To solve the financial crisis once and for all, the United Nations must urge its members to fulfill their financial obligations in earnest. Member countries that default on their payments should pay off their debts quickly.

Speaking of the nuclear test-ban treaty, Qian Qichen said: China has consistently taken an active part in talks aimed at reaching a comprehensive nuclear-test ban treaty and has made due contributions to those talks. Qian Qichen maintained: Although the talks have made progress since the beginning of this year, more discussions are needed to settle some issues. He said: As the first step toward banning nuclear tests, China urges nuclear-weapons countries to undertake not to be the first to use nuclear weapons and not to use or threaten to use nuclear weapons against non-nuclear-weapons countries. He said: "If this were realized, it would further ease tension in the international situation."

Qian Qichen expressed his appreciation for Butrus-Ghali's adherence to his one-China stand on the Taiwan issue. He said: The Chinese Government's policy on the Taiwan issue remains "peaceful reunification and one country, two systems." This has not changed. The eight-point proposition put forward by President Jiang Zemin in January 1995 won understanding and support at home and abroad. However, there is a force [yi gu shi li 0001 5140 0528 0500] on the island of Taiwan pursuing "Taiwan independence," and there is also a force in a foreign country supporting and instigating this separatist activity [er qie wai guo ye you yi gu shi li zhi chi song yong zhe zhong fen lie huo dong 5079 0011 1120 0948 0048 2589 0001 5140 0528 0500 2388 2170 1981 1960 6638 4429 0433 5933 3172 0520]. "This is an obstacle to peaceful reunification." Qian Qichen pointed out: "Some people on the island of Taiwan say that we oppose their pursuit of 'democracy.' This saying is entirely groundless [hao wu dao li 3032 2477 6670 3810]. What we are opposed to is separatist activities on the island and some forces there seeking 'Taiwan independence.'"

Butrus-Ghali said: The Taiwan issue is China's internal affair and it has been solved according to UN Resolution No. 2758.

Qian Qichen and Butrus-Ghali said that the United Nations and China should keep in touch and exchange information regarding some regional issues so as to make joint efforts to maintain regional peace and stability.

Vice Foreign Minister Li Zhaoxing and Jin Yongjian, UN deputy secretary general, were present during the talks. After the talks, Qian Qichen hosted a reception in honor of Butrus-Ghali and his delegation.

#### **PRC: Qian Discusses UN, Nuclear Treaty, Taiwan With Butrus-Ghali**

*OW2603062496 Beijing XINHUA Hong Kong Service in Chinese 1456 GMT 25 Mar 96*

[By reporter Yang Guojun (2799 0948 6874)]

[FBIS Translated Text] Beijing, 25 Mar (XINHUA) — Qian Qichen, state council vice premier and foreign minister, held talks with UN Secretary General Ghali today. Both sides exchanged views in depth on United Nations-China relations, some pressing issues facing the United Nations, and the nuclear test ban treaty.

Ghali expressed thanks to China for its support of various United Nations' undertakings and, in particular, for its efforts in making a success of the Fourth World Women's Congress. Ghali said: China has also sponsored or participated in many UN-related international

conferences and activities. The world water day activities conducted in Beijing a few days ago were very successful. In addition, China conducted a large number of follow-up activities to implement the plans approved by UN conferences.

Qian Qichen said: Good cooperation exists between China and the United Nations. As a founding member of the United Nations and a permanent member of the UN Security Council, China has the responsibility to support the work of the United Nations. In the future, China shall continue to actively participate in and support the work of the United Nations. Touching on some pressing issues, including financial problems facing the United Nations, Ghali said: The United Nations is facing a serious financial crisis because some members are in arrears in their membership dues and their share of peacekeeping expenses. The United Nations will face a tremendous difficulty in conducting its work if we cannot find a solution. Ghali expressed the hope that all UN members will be aware of the seriousness of the issue and jointly explore ways and methods for the solution of the crisis.

Qian Qichen said: China has paid close attention to the current financial situation of the United Nations, and believes the issue is, indeed, becoming increasingly serious. If we want to solve the financial crisis once and for all, we must urge members to really fulfill their financial obligations. First of all, members who are in arrears with payment should pay the full amount in arrears to the United Nations as soon as possible.

Touching on nuclear test ban treaty, Qian Qichen said China has always taken an active part in talks on the comprehensive nuclear test ban treaty, and has made contributions to the talks. Qian Qichen believes further discussions are needed to solve some problems, although he noted the talks have made progress since early this year. He said: As a first step toward banning nuclear tests, China maintains that all countries with nuclear weapons should make a commitment not to be the first to use nuclear weapons or threaten to use nuclear weapons against countries without nuclear weapons. Such a commitment made by countries with nuclear weapons will be conducive to the further detente of the international situation.

Qian Qichen expressed appreciation to Ghali for his consistent one-China position on the Taiwan issue. He said: The policy of the Chinese Government on Taiwan continues to be peaceful reunification and one country, two systems. There is no change to that policy. The eight-point statement issued by President Jiang Zemin in January 1995 has gained people's understanding and support both at home and abroad. However, there

is a force on the island of Taiwan attempting to promote Taiwan independence and there is also a force abroad that supports and instigates such splittist activities. These forces pose an obstacle to peaceful reunification. Qian Qichen pointed out: Some people on Taiwan declare we are opposed to their activities aimed at promoting "democracy." Such an argument does not make any sense. What we are opposed to are certain forces that conduct splittist activities and promote "Taiwan independence" on the island.

Ghali said: The Taiwan issue is China's internal affair and has been settled by UN Resolution No. 2758.

Concerning some regional issues, Qian Qichen and Ghali said: The United Nations and China should contact each other on relevant issues, brief each other on the situations, and make joint efforts to maintain regional peace and stability.

Vice Foreign Minister Li Zhaoxing and UN Deputy Secretary General Jin Yongjian participated in the talks. After the talks, Qian Qichen hosted a banquet in honor of Ghali and his party.

#### PRC: Further on Qian's Statements on Nuclear Treaty

OW2503153196 Beijing XINHUA in English  
1452 GMT 25 Mar 96

[FBIS Transcribed Text] Beijing, March 25 (XINHUA) — China has always actively participated in negotiations for a treaty of all-round prohibition of nuclear tests in Geneva, and contributed to the negotiations, Chinese Vice-Premier and Foreign Minister Qian Qichen said today.

Qian made the remarks during talks with UN Secretary General Butrus Butrus-Ghali in Beijing.

Some progress has been registered in the negotiations on concluding the nuclear tests ban treaty this year, but there are still some problems needing further deliberation, Qian said.

As the first step towards the nuclear tests ban, China holds that all nuclear powers should undertake not to be the first to use nuclear weapons, and not use or threaten to use nuclear weapons against non-nuclear countries, he stated.

"The realization of the first step will benefit the further relaxation of the international situation," Qian said.

### United States & Canada

#### **PRC: Ministry Urges U.S. To Focus on Productive Ties**

*HK2503072696 Beijing CHINA DAILY (BUSINESS WEEKLY) in English 24-30 Mar 96 pp 1, 2*

[By Sun Hong: "US Urged To Focus On Productive Ties"]

[PTS Transcribed Text for FBIS] Chinese foreign trade officials called for a practical attitude from the United States in treating disputes concerning bilateral economic links while "casting aside sanction threats and the influence of political elements."

Foreign trade official Jin Ligang warned that improper handling of some hanging issues could sour the advancing bilateral trade and economic cooperation.

Jin, a division chief of the Oceania and America affairs department at the Ministry of Foreign Trade and Economic Cooperation (Moftec), said Sino-US economic ties have entered a delicate state with some snags lurking.

He mentioned intellectual property rights (IPR) protection, extension of China's Most Favoured Nation (MFN) trading status, textiles trans-shipment and the trade deficit on the US side.

Several talks are expected to be held on these issues in the coming months, he said.

Calling permanent MFN treatment of China "a basic condition" for normal economic exchange between the two countries, Jin declined to predict whether its extension will be smooth this year but said "more and more US people have come to understand the importance of MFN extension to bilateral trade."

Some analysts have forecast that the annual extension of MFN to China might not be a trouble-free event due to the presidential election in the United States and other factors.

Regarding IPR protection, it is reported that US Deputy Trade Representative Charlene Barshefsky will arrive in Beijing next month for talks focused on the issue.

Just a week ago, US Trade Representative Mickey Kantor said that Washington "will take decisive action" if China does not satisfy US demands in curbing piracy of US compact discs and music. He had previously threatened punitive tariffs of more than \$1 billion annually.

Zhang Yuejiao, a chief Chinese negotiator on IPR, told *Business Weekly* that any sanctions by the US will "undoubtedly ignite tit-for-tat measures from China."

She demanded that the US side closely study the facts and recognize the significant efforts China has made in curbing IPR violations. Moreover, she said, "it will be ridiculous if the better we protect IPR, the more we get sanctions threats."

Talks on illegal trans-shipment of Chinese textiles will be held during March 25-27 in Beijing. Shi Miaomiao with Moftec's foreign trade administration department said the US side should abandon the practice of raising charges without convincing evidence and basing the volume of allegedly trans-shipped textiles on mere guesses.

The US has charged that some Chinese enterprises have bypassed US import quota restrictions by exporting textiles to the US via a third country.

Shi said China has been "very co-operative" in investigating alleged textiles trans-shipment and "firm" in handling violations.

"If the US takes unilateral action (to cut textiles quotas), it will greatly hurt our co-operative enthusiasm."

Foreign trade official Jin Ligang said China will not change its policy of actively promoting Sino-US trade and economic co-operation, but he said problems can only be solved through consultation on the basis of equality and mutual benefit.

Jin said Moftec Minister Wu Yi is expected to visit the US in June and co-preside over the China-US Joint Committee on Commerce and Trade there.

The meeting will cover a wide range of issues concerning bilateral trade and economic and technical co-operation.

Jin noted that bilateral trade has gained steam despite the ups- and-downs in the relationship between the two countries.

According to China's customs service, China imported \$16.12 billion worth of commodities from the US last year, up 15 per cent from 1994. The imports provided around 160,000 jobs in the US in the year, according to US statistics.

Lured by a huge potential market in China, US investors signed contracts on more than 3,372 investment projects here in 1994 with a pledged investment of \$8.07 billion.

Some US companies have complained they were at a disadvantage in competition for participation in some big Chinese projects vis-a-vis their European and Japanese rivals, who often gain the firm support of their governments.



The White House has long advised the US Export-Import Bank not to offer export credit to the Three Gorges Dam project on grounds of human rights and environmental damage, although US enterprises along with enterprises from western Europe, Russia and Japan are bidding eagerly for a part in the huge dam project.

The bank recently started to explore the possibility of lifting bans on providing government loans to beef up US enterprises in China. However, a US Government announcement in February holding up \$10 billion in the bank's loans to China has cast another shadow over the progress of Sino-US co-operative projects, Jin said.

"Only a developing bilateral economic relationship is in the interest of both sides," he said. "It should not be subject to the volatile domestic policies of the United States."

**PRC: 'Source' on Impact of U.S. Fleet on PRC Military Strategy**

*HK2603083196 Hong Kong MING PAO in Chinese  
26 Mar 96 p C1*

[Report by staff reporter: "U.S. Fleet's Coming With Ill Intent Shocks Beijing, China To Review Strategic Plan"]

[PTS Translated Text for FBIS] As disclosed by a Beijing source, the impact on China's Army of the recent assembling of a U.S. fleet in Taiwan waters is no smaller than that of the Gulf War. Relevant Chinese military experts maintain that in view of possible actual military confrontation between China and the United States, China must study and explore a new strategic development orientation in an all-round way, with the stress being placed on expanding the Navy and Air Force, building aircraft carriers, and developing long-range strike weapons.

The source said the 1991 Persian Gulf War enabled the People's Liberation Army to acquire a thorough understanding of U.S. military might and of the role of high technology in modern warfare. Over the last few years, China's troops have intensified drills in electronic warfare and guided missile warfare. The impact on China's Army of the recent assembling of a U.S. fleet during the cross-strait crisis is no smaller than that of the Persian Gulf War. The situation indicated for the first time that post-Cold War Sino-U.S. military confrontation has escalated from the stage of so-called "theoretical exploration" to the stage of objective reality. This will have an important effect on China's future military strategy and foreign policy.

When interviewed by Canada-based EAST ASIA DIPLOMACY AND DEFENSE MONTHLY, some

experts on Chinese military and foreign affairs said that they felt somewhat surprised at the United States' rapid response to the cross-strait crisis and its assembling massive forces, which they considered to be out of tune with current Sino-U.S. relations. Military critic Ping Kefu said that since the "U.S. threat theory" has been translated into an objective fact, the direct consequences of the recent escalated military friction between China and the United States will be far-reaching and shocking, and will prompt China to quicken further the pace of modernizing its program-controlled strike system. The deployment of new submarine-fired intercontinental missiles and land-based mobile intercontinental missiles in particular will be accomplished ahead of schedule. The development of their own "tactical missile defense system" (IDM) [preceding abbreviation as published; published in Latin alphabet] will be stepped up to maintain the "limited second-strike force" against the United States.

He believed that China will speed up development of high-tech weapons, including long-range air-to-surface (ship) and ship-to-ship (surface) cruise missiles and aircraft carriers to enhance its ability to strike at U.S. vessels assembled offshore when necessary. Cross-strait tensions will further serve as a bargaining chip in Sino-U.S. confrontation. The two sides have made preparations for a "protracted war" on the diplomatic and political fronts. The Taiwan issue will also be linked with control of military equipment, human rights, the export of nuclear technology, and other outstanding issues, and the two sides will make deals if necessary. Therefore, U.S. warships will possibly continue to come into and go out of the Taiwan Strait to flex muscles in the wake of Taiwan's general elections. At the same time, the Chinese side has formally set up a "southeastern theater" and reorganized the three forces in the theater. Accordingly they will have to comprehensively enhance the corresponding command, rear-service, and war-time mobilization systems and explore relevant new laws.

**PRC: Correction to PLA Brass on U.S. 'Rash,' 'Stupid Policy'**

*HK2603030896*

The following correction pertains to an item headlined "PLA Brass on U.S. 'Rash,' 'Stupid Policy'" published in the 18 March China DAILY REPORT on page six:

Column one, fifth full paragraph, first sentence should read ...Shi Baoyuan, deputy commander of the Shenyang Military Region... (correcting rank of Shi Baoyuan).

### Central Eurasia

#### PRC: Li Ruihuan Meets Moldovan Parliament President

OW2303173396 Beijing XINHUA in English  
1447 GMT 23 Mar 96

[FBIS Transcribed Text] Beijing, March 23 (XINHUA) — Li Ruihuan, chairman of the National Committee of the Chinese People's Political Consultative Conference (CPPCC), said here today that a powerful and stable China is of major importance to world peace, stability and development.

Some people who are unhappy with the comparatively fast growth of China's economy in recent years constantly cause China trouble by groundlessly spreading the view of the so-called "China threat" to mold public opinion for their containment of China.

Li made the remarks when meeting with Petru Lucinschi, president of the Moldovan Parliament, in the Great Hall of the People.

Li said that a powerful and stable China with a population of more than 1.2 billion is of major importance to world peace, stability and development.

Otherwise, he said, it would bring suffering to the world if China remained so undeveloped for a long period that it could not feed its people.

China should withstand various pressures imposed by certain international hostile forces and maintain long-term stability and sustained development, Li said. Therefore, China has to establish and develop friendly and co-operative relations with more countries and try to win more supports from its friends.

During the meeting Li also expressed his thanks for Moldova's understanding and support for China on many major issues.

China and Moldova enjoy growing relations though they established diplomatic ties not long ago, Li said, adding that China is optimistic about the prospects for the development of bilateral relations for they not only face common tasks in developing their economies and improving their people's living standards, but also share the same or similar views on many major international issues.

Li said that China hopes the two countries will maintain frequent exchanges of visits between high-ranking leaders, and closer co-operation in various fields including politics, economy and culture.

Lucinschi cited an old Chinese saying that a 1,000-li journey is started by taking the first step, and said that

Moldova, proud of its sound and sincere relations with China, will be always a reliable partner of China.

He said he hoped bilateral relations would continue to be strengthened.

Lucinschi and his party arrived in Beijing today at the CPPCC's invitation.

#### PRC: Jiang Zemin Meets Moldovan Parliament President

OW2503093896 Beijing XINHUA in English  
0910 GMT 25 Mar 96

[FBIS Transcribed Text] Beijing, March 25 (XINHUA) — Chinese President Jiang Zemin met with Petru Lucinschi, visiting president of the Moldovan Parliament, here this afternoon.

The Moldovan visitor arrived here Saturday [23 March] at the invitation of the National Committee of the Chinese People's Political Consultative Conference (CPPCC).

CPPCC Chairman Li Ruihuan had a meeting with Lucinschi shortly after his arrival in Beijing.

#### PRC: Wang Guangying Receives Moldovan Parliament President

OW2503134596 Beijing XINHUA in English  
1250 GMT 25 Mar 96

[FBIS Transcribed Text] Beijing, March 25 (XINHUA) — Wang Guangying, vice chairman of the National People's Congress (NPC) Standing Committee, today expressed the hope that the parliaments of China and Moldova would increase exchanges.

Meeting with Petru Lucinschi, president of the Moldovan parliament at the Great Hall of the People in Beijing, Wang said the Moldovan parliament has many worthwhile experiences for the Chinese NPC to learn from.

Wang also said he hoped that the Sino-Moldovan relationship would continue to develop.

Lucinschi said he was happy about the realization of his long-awaited visit to China. The two countries have very good relations, he said, and added that he hoped that in the future the two sides would increase exchanges in fields such as economy and culture, and foster even closer ties of friendship and cooperation.

Lucinschi thanked China for its support to Moldova in international affairs and bilateral relations.

Moldova will continue to abide by the joint communique signed by leaders of the two countries, and stick to the "one China" stand, he emphasized.

Wang expressed appreciation for this.

Lucinschi and his party arrived in Beijing on Saturday [23 March] at the invitation of the National Committee of Chinese People's Political Consultative Conference.

**PRC: Qiao Shi To Lead NPC Delegation to Ukraine 28 Mar**

*OW2603054996 Beijing XINHUA in English  
0438 GMT 26 Mar 96*

[FBIS Transcribed Text] Kiev, March 25 (XINHUA) — The broadening of Ukraine-China cooperation will be the major topic during a visit by a high-level delegation of the Chinese National People's Congress (NPC) this week, a senior Ukrainian official said today.

At the invitation of Oleksandr Moroz, chairman of the Ukrainian Supreme Soviet, a delegation led by Qiao Shi, Chairman of the Standing Committee of the NPC, will start a good-will visit to Ukraine March 28.

The delegation will also visit Russia, Cuba and Canada.

In an interview with XINHUA, Moroz described Qiao's upcoming visit as another significant event in Sino-Ukrainian relations.

He noted a firm legal basis has been gained for the development of the bilateral cooperation since the establishment of diplomatic relations between the two countries more than four years ago. Some 50 documents of cooperation on various levels have been signed.

He added that there is great potential for further cooperation.

Moroz said Ukraine and China have a bright future in improving the trade structure and trade balance between them, and in broadening their cooperation in the fields of chemical industry, metallurgical industry, machinery and space, and high-tech fields in particular.

He added that Ukraine can learn from China's success in building economic zones, in improving competitiveness of its products, and in combining state management of production with market mechanism.

The development of Sino-Ukrainian cooperation will also build a bridge for cooperation in Eurasia, benefiting not only the two countries but also the stability and development of the world, Moroz said.

He disclosed that the Ukrainian Supreme Soviet has set up a 16-member group to seek more ways of developing parliamentary contacts between Ukraine and China.

It is feasible for the Ukrainian and Chinese parliaments to develop relations through contacts in all fields between their countries and through promoting legislation basis for such cooperation, Moroz stressed.

**Northeast Asia**

**PRC: Li Peng, ROK Foreign Minister Meet in Beijing**

*SK2203142396 Beijing China Radio International  
in Korean 1100 GMT 22 Mar 96*

[FBIS Translated Text] Chinese Prime Minister Li Peng met with ROK Foreign Minister Kong No-myong in Beijing on the afternoon of 21 March. At the talks, Li Peng said that China is willing to further strengthen mutual cooperation between the two countries through joint efforts with the ROK.

He stated that since diplomatic relations were established between the PRC and ROK, bilateral relations have rapidly developed, and the positions of the PRC and ROK, which became mutually important trade partners, have been further strengthened.

He also pointed out that the two nations are very close to each other geographically and that their economic structures are mutually supplementary. Therefore, they have enormous potentials in developing economic cooperation, and the prospects for development are bright.

Concerning the issue of the Korean peninsula, Prime Minister Li Peng said that China is interested in the Korean peninsula situation, and hopes that stability be attained and economic construction be carried out under peaceful circumstances. He added that China supports all efforts favorable for peace and stability on the Korean peninsula.

Kong No-myong highly appraised the comprehensive development of relations between the ROK and PRC in various domains. He stated that the ROK will continue to make efforts to further promote relations between the two countries. He noted that President Kim Yong-sam appreciated China's supporting the ROK as the host of the third Asian-European summit. He added that the ROK will actively cooperate with China in preparing for the summit.

**PRC: ROK Foreign Minister Departs Beijing for Japan 24 Mar**

*OW2403064196 Beijing XINHUA in English  
0611 GMT 24 Mar 96*

[FBIS Transcribed Text] Beijing, March 24 (XINHUA) — The foreign minister of the Republic of Korea (ROK) Kong No-myong left here today for Japan after winding up his 5-day official visit to China.

During his stay in the capital, he held talks with Chinese Vice-Premier and Foreign Minister Qian Qichen on bilateral relations and issues of common



concern. Chinese President Jiang Zemin and Premier Li Peng met with him respectively.

**PRC: Defense Minister Meets With DPRK Military Delegation**

*OW2503130296 Beijing XINHUA in English  
1248 GMT 25 Mar 96*

[FBIS Transcribed Text] Beijing, March 25 (XINHUA) — Chinese Defense Minister Chi Haotian met a delegation of the armed forces of the Democratic People's Republic of Korea (DPRK), at the Diaoyutai State Guest-house in Beijing today.

Chi, who is also a vice-chairman of the Central Military Commission and State Councillor, held friendly talks with Major General Yi Sang-u, director of the External Affairs Bureau of the Ministry of the Korean People's Armed Forces, and head of the delegation.

After the talks, Chi hosted a banquet in honor of the guests.

The six-member delegation arrived in the capital on Saturday [23 March] on a week-long friendly visit to China, at the invitation of the Chinese Defense Ministry. They were met on their arrival by Xiong Guangkai, deputy chief of the general staff of the Chinese People's Liberation Army.

The delegation will also visit Shanghai, Nanjing, Yangzhou and Zhangjiagang in eastern China.

**PRC: Mongolian Prime Minister Previews Visit**

*OW2503173596 Beijing XINHUA in English  
1636 GMT 25 Mar 96*

[FBIS Transcribed Text] Ulaanbaatar, March 24 (XINHUA) — Mongolia will strengthen and expand its co-operation with China, Prime Minister Puntsagiyn Jasray said in a recent interview with XINHUA.

"My forthcoming visit to China is another step to develop the good-neighborly relations and cooperation between the two countries, and a follow-up to the traditional bilateral high-level meetings and talks," said Jasray, who is scheduled to visit China on March 27-30.

Thanks to the common efforts of the two countries, he said, the Mongolian-Chinese relations have been expanded over past years.

He noted the two countries have achieved concrete results in developing their long-term stable cooperation in economy and trade, culture and education, science and technology, public health, environment protection, transportation and telecommunication.

The Treaty of Friendship and Cooperation between the People's Republic of Mongolia and the People's

Republic of China, signed during Chinese Premier Li Peng's visit to Mongolia in April 1994, is a significant document which set forth the principles governing relations between the two countries, the prime minister said.

Speaking on the current economic situation in the country, Jasray said his government has taken a series of measures to surmount difficulties occurring in the period of economic transition.

The country's gross domestic product, which had dropped successively in 1990-93, increased by 2.3 percent in 1994 and 6.3 percent in 1995, he added.

**Southeast Asia & Pacific**

**PRC: Leaders Stress Taiwan Policy in Talks With Thai Premier**

*BK2603013096 Bangkok THE NATION in English  
26 Mar 96 p A1*

[Report by Yindi Loetcharoenchok in Beijing]

[FBIS Transcribed Text] China's President Jiang Zemin and Prime Minister Li Peng yesterday reiterated the country's two-point policy towards Taiwan, saying Beijing is for a "peaceful reunification" and "one China, two systems".

But they also stated China's readiness to settle all the problems with Taiwan through dialogue", which Asian diplomats said was likely to take place "in the very near future".

Jiang and Li reiterated China's longstanding position towards Taiwan during separate meetings with Prime Minister Banhan Sinlapa-acha, who is leading a 120-strong Thai delegation on a six-day official visit.

The statement yesterday on Taiwan by Jiang and Li was the first official remarks by the top Chinese leaders after the island republic held its first direct presidential election last Saturday. Beijing has considered Taiwan a renegade (Chinese) province" and an inalienable part of China".

In response, Banhan said Thailand welcomed the Chinese position and expressed his strong belief that no-one else could resolve China-Taiwan problems better than "the Chinese people themselves".

After his meetings with the two Chinese leaders, Banhan said he had told Jiang and Li that the world community, especially Southeast Asian countries, were very concerned over the tension in the Taiwan Strait", especially after Beijing launched a series of military exercises off the coast with Taiwan early this month, ahead of the island's election.

The Thai premier said he had informed Li of Thailand's "one China policy" and that the Kingdom would not interfere in the political affairs of the world's largest communist country.

He quoted Jiang as expressing concern that some foreign countries did not understand China's position over Taiwan and that they might try to intervene in Chinese affairs. China has strongly and repeatedly stated that its dispute with Taiwan is an internal matter.

Although Li did not reiterate Beijing's threat to use force if Taiwan declares independence or there was foreign intervention, he expressed the hope that "authorities in Taiwan" would refrain from promoting their independence policy.

"If the authorities in Taiwan refrain from promoting independence, the tense situation in the Strait and the relations between China and Taiwan will improved," a senior Thai official quoted Li as telling Banhan.

Neither Jiang nor Li commented on the landslide election victory of Taiwanese president Li Teng-hui during the talks with the Thai premier. Li won 54 per cent of the vote, well over double his nearest rival, Peng Ming-min, who garnered 21 per cent.

Asian diplomats said the two-point policy of "peaceful reunification" and "one China, two systems" has been China's long-standing position towards Taiwan.

China's paramount leader Deng Xiaoping first made the stance known in the 1980s and President Jiang outlined an 11-point policy concerning Taiwan in 1994.

The diplomats said Beijing's readiness to engage Taiwan in "dialogue" reflects its call for "peaceful reunification".

They said China's dialogue overture was "new" and "a positive sign" especially now that Beijing had just stopped its war games (the country's largest military exercise in recent history).

Jiang said China would pursue peaceful means and would not resort to armed force unless other parties provoked the situation in the East China Sea.

The Thai premier said he was "very confident" that force would not be used.

Any use of the military would need "to be considered very carefully", as once war started it would have a wider impact not only on the two opposing forces but also across the globe. Banhan praised Li for expressing China's peaceful attitude and quoted his Chinese counterpart as saying that the situation in the Taiwan Strait "should improve from now on". One Asian diplomat, while stopping short of calling China's

latest proposal for dialogue with Taiwan "a softened stance", said the talks has shown that Beijing has become "very reasonable" concerning the Taiwan issue.

Apart from Taiwan, which both Jiang and Li raised during the talks with Banhan, the two Chinese leaders also stated their wish to make clear China's position on other disputes in the South China Sea.

The two leaders stated that Beijing was adhering to the principle of a peaceful settlement and would not use weapons to settle the dispute over the Spratly Islands.

**PRC: Further on Jiang Zemin's Meeting With Thai Prime Minister**

OW2503134996 *Beijing XINHUA in English*  
1246 GMT 25 Mar 96

[FBIS Transcribed Text] Beijing, March 25 (XINHUA) — Chinese President Jiang Zemin met Thai Prime Minister Banarn Silapa-acha in Beijing today, and said Sino-Thai relations have entered a new stage of all-round development.

Jiang said China and Thailand are close and friendly neighbors. Bilateral ties have been growing smoothly since the two countries established diplomatic ties 21 years ago.

The two countries have trusted each other in political aspects, and have had ever-increasing cooperation in all fields, he said, adding that the two nations have also worked together in international and regional affairs.

Jiang said Sino-Thai relations, which are based on the Five Principles of Peaceful Co-existence, are not only in the interests of the two peoples, but will be conducive to peace and stability in the region.

The Chinese president noted that China attaches great importance to developing relations with Thailand, and regards such relations as an important part of China's effort to develop good-neighborly ties with its neighbors.

Jiang spoke of the deepening of reforms, and steady growth of the economy in China, as well as the rapid development of the Thai economy. He went on to say that China and Thailand have market potentials for each other, and there will be more opportunities and favorable conditions for Sino-Thai economic and trade cooperation.

"We are willing to work together with Thailand to further promote the development of bilateral ties," Jiang said.

Jiang added that China is satisfied with the outcome of the recent Asia-Europe Meeting, and appreciates Thailand's role in hosting the meeting.

Banhan told Jiang that he had fruitful talks with Premier Li Peng this morning.

He thanked the Chinese government for its support of the Asia-Europe Meeting.

The prime minister said the purpose of his visit is to discuss with the Chinese leaders, ways of strengthening bilateral economic and trade cooperation, to push bilateral ties into a new stage.

During the meeting, Banhan conveyed an invitation from the King of Thailand to Jiang on a visit to that country.

The Thai prime minister arrived here Sunday [24 March] for a six-day official visit to China at the invitation of Premier Li Peng.

#### **PRC: Thai Prime Minister Views Talks With Li Peng on Taiwan**

*BK2603011496 Bangkok BANGKOK POST  
in English 26 Mar 96 p 1*

[Report by Somchai Misane]

[FBIS Transcribed Text] Beijing — China has made it known through Prime Minister Banhan Sinlapa-acha its three-point guidelines for reunification with Taiwan.

Beijing said it sought reunification through peaceful means, the maintenance of two administrative systems and the solving of problems obstructing reunification through negotiations.

The guidelines were made known to Mr Banhan by Prime Minister Li Peng when they met yesterday morning and by President Jiang Zemin last night.

Mr Banhan took the message as China's position towards Taiwan after its presidential election on Saturday.

"I am glad I am the first to be told by the Chinese government of this stance and Thailand is the first country to get the message following the tension over Taiwan," he said.

"They let me know even before talking to the secretary general of the United Nations," he said in reference to Butrus Butrus-Ghali, who is also visiting Beijing and is to meet Chinese leaders.

"China has given us a great honour. I believe this stance of China will win admiration from the world," Mr Banhan said.

Li Peng and Jiang Zemin, he said, had dropped their uncompromising position on Taiwan, which China considers a renegade province.

Since China had said it would not use force to capture Taiwan, Mr Banhan believed there was no risk of war. As long as Taiwan did nothing unacceptable to Beijing, the two Chinese leaders promised the relations would improve, Mr Banhan said.

"Without interference from other countries, I believe China will be able to solve this problem through peaceful means" he said.

"Thailand regards the problem as China's internal affair.

"Nobody can better solve the problem than China. Thailand will not interfere in China's problem because it upholds a one-China policy. We only expressed concern that if the tension continued, it would affect ASEAN," Mr Banhan said.

Sources in Mr Banhan's delegation said, however, that this had been Chinese policy towards Taiwan for more than a decade.

Under this policy, China would not let Taiwan separate nor would it let a third country interfere. China had just repeated the policy after the Taiwan election.

Since the military exercises in the Taiwan Strait would be called off soon, the tension would ease, the sources said.

Li Peng also discussed with Mr Banhan China's policy towards the Spratly Islands, which are also claimed by Brunei, Malaysia, the Philippines, Taiwan, and Vietnam.

Mr Banhan said China had shown a clear intention to settle the issue through peaceful means and was ready to hold multi-lateral talks with any country except Vietnam.

Sources in the delegation quoted Li Peng as telling Mr Banhan: "The obstacle in the Spratly Islands issue is Vietnam but we will not let the problem lead to the use of force. China has never thought about resorting to use arms.

"Vietnamese Communist Party secretary Do Moui, in his recent visit to China, showed a friendly stance so we believe the problem would be resolved."

Mr Banhan said he wanted all countries involved to hold talks and Thailand was ready to host such negotiations. He suggested the disputed area be made a joint special economic zone as a way out.

China has also expressed a desire to be a full dialogue partner with ASEAN like India. Thailand is ready to



support China and will discuss the matter with other ASEAN members, Mr Banhan said.

**PRC: More on Li Ruihuan-Banhan Meeting**

*OW2503141696 Beijing XINHUA in English*  
*1313 GMT 25 Mar 96*

[FBIS Transcribed Text] Beijing, March 25 (XINHUA) — Li Ruihuan, chairman of the National Committee of the Chinese People's Political Consultative Conference (CPPCC), met with visiting Thai Prime Minister Banhan Silapa-acha, at the Great Hall of the People in Beijing this afternoon.

During the meeting, Li extended his welcome to Banhan, and expressed his appreciation for the warm reception he received at the end of last year, when he visited Thailand.

He said that China and Thailand, two neighbors with the two peoples enjoying long and traditional friendship, have been experiencing a smooth development in bilateral relations since the two countries established diplomatic relations.

China, said Li, is doing its best to maintain social stability and provide enough food and clothing for its people. He added that development was not so easy in a country with a population of 1.2 billion.

So, Li said, the Chinese Government and people sincerely hope for good relationships with all countries in the world, as well as understanding and support from more friends worldwide, in a bid to create a better international environment for its domestic construction.

He stressed that China is unwilling to create any friction with any country, and China will never trade principles.

Li also thanked the Thai Government for its support to China on many important issues.

Li said that the just-concluded sessions of China's National People's Congress (NPC), and the National Committee of the CPPCC, deliberated and adopted the Outline for the Ninth Five-Year Plan on National Economic and Social Development, and the Long-Range Goal for the Year 2010.

In the next 15 years, Li said, China will expand economic and technological cooperation with overseas partners in many fields, thus providing opportunities for companies all over the world.

In this regard, Thai businessmen, who have many contacts with their Chinese counterparts and have accumulated rich experiences during their cooperation with the Chinese side, will score more achievements, said Li.

Expressing his pleasure at meeting Li again in Beijing, after they met in Bangkok, Banhan said that the whole world is watching China's reform and opening-up, and its economic construction. He described China's great changes as remarkable to the world.

He went on to say that bilateral friendly relations have entered the third decade, and the two countries should not only strengthen cooperation in politics, economy, trade, and science and technology, but also further develop multilateral and regional cooperation.

He said he is glad to know that the NPC has adopted a very good economic and social development plan, adding that Thailand has also mapped out a two-decade development program, which is conducive to furthering bilateral economic, trade, and scientific and technological cooperation.

**PRC: Thai Prime Minister Departs Beijing for Xian 26 Mar**

*OW2603015896 Beijing XINHUA in English*  
*0135 GMT 26 Mar 96*

[FBIS Transcribed Text] Beijing, March 26 (XINHUA) — Visiting Thai Prime Minister Banhan Silapa-acha left here by special plane for a one-day visit to Xian this morning.

Yesterday, Chinese President Jiang Zemin and Chairman of the National Committee of the Chinese People's Political Consultative Conference Li Ruihuan met with Banhan respectively.

Chinese Premier Li Peng held talks with the visiting Prime Minister, both agreeing to promote friendly relations and cooperation between the two countries.

Banhan arrived here on Sunday. Following his visit to Xian, he will travel to Shanghai and Shantou.

**PRC: Burma's Leaders Reported Wanting Closer Cooperation**

*OW2603122096 Beijing XINHUA in English*  
*1132 GMT 26 Mar 96*

[FBIS Transcribed Text] Yangon [Rangoon], March 26 (XINHUA) — Myanmar [Burma] wants to strengthen trade and economic cooperation with China, Myanmar leaders told a visiting Chinese delegation from Jiangsu province today.

The delegation, led by Vice-Governor of Jiangsu province Zhang Huaixi, today met separately with First Secretary of the Myanmar State Law and Order Restoration Council (SLORC) Lieutenant General Khin Nyunt and Deputy Prime Minister Vice-Admiral Maung Maung Khin.

The two Myanmar leaders expressed the hope for boosting trade and economic cooperation with China, especially with developed provinces like Jiangsu.

The vice-governor of Jiangsu province said the delegation's visit aims to enhance trade and economic cooperation between Jiangsu province and Myanmar.

The Chinese delegation also discussed economic cooperation and trade issues in separate meetings with Myanmar Minister of Industry (No. 2) Major General Kyaw Than and Minister of Mines Lieutenant General Kyaw Min this afternoon.

The six-member provincial delegation arrived here Monday for a four-day visit at the invitation of the Myanmar Ministry of National Planning and Economic Development.

In early January, SLORC Chairman Senior General Than Shwe visited Jiangsu province on his trip to China.

### Near East & South Asia

#### PRC: Power Industry Minister Meets Egyptian Prime Minister

OW2403175896 Beijing XINHUA in English  
1438 GMT 24 Mar 96

[FBIS Transcribed Text] Cairo, March 24 (XINHUA) — Egyptian Prime Minister Kamal Ahmed al-Ganzouri met here today with visiting Chinese Minister of Power Industry Shi Dazhen for talks on bilateral economic cooperation.

Egyptian Minister of Electricity and Energy Mohamed Maher Abaza, who was present at the meeting, said that al-Ganzouri and the Chinese minister discussed the setting up of Chinese projects in the free zones in the Egyptian ports of Suez and Port Said.

During the meeting, al-Ganzouri extended his invitation to his Chinese counterpart Li Peng to visit Egypt.

Shi, hailing the deeply-rooted relations between the two countries, also conveyed the Chinese premier's invitation to al-Ganzouri to visit China.

President Jiang Zemin is scheduled to visit Egypt in May at the invitation of President Husni Mubarak.

Abaza said that there has been continuing cooperation between Egypt and China in the fields of solar and thermal energy through the Chinese-Egyptian Joint Committee on Energy, which was set up in 1985.

The Chinese minister arrived here early today on a four-day visit.

#### PRC: Iraqi Foreign Minister Begins 5-Day Visit

OW2603103696 Beijing XINHUA in English  
1023 GMT 26 Mar 96

[FBIS Transcribed Text] Beijing, March 26 (XINHUA) — Foreign Minister of the Republic of Iraq Muhammad Sa'id al-Sahhaf arrived here this afternoon to start his five-day visit to China, at the invitation of Chinese Vice-Premier and Foreign Minister Qian Qichen.

This is al-Sahhaf's fourth China trip.

The Iraqi foreign minister is expected to hold talks with Qian, and Chinese Premier Li Peng will also meet with him, during his stay in the Chinese capital.

#### PRC: Jiang Zemin, Li Peng Greet Pakistan National Day

BK2403124496 Beijing China Radio International  
in Urdu 1600 GMT 23 Mar 96

[FBIS Translated Text] Chinese President Jiang Zemin and Prime Minister Li Peng have sent messages to their Pakistani counterparts on the occasion of Pakistan National Day.

President Jiang Zemin and Prime Minister Li Peng, while expressing their sincere feelings for the promotion and consolidation of Sino-Pakistan friendship, extended hearty felicitations to the Pakistani people and expressed confidence that friendship and cooperation between the two countries will be further increased during the coming days.

#### PRC: CPPCC Delegation Meets With Syrian President 25 Mar

OW2503173996 Beijing XINHUA in English  
1639 GMT 25 Mar 96

[FBIS Transcribed Text] Damascus, March 25 (XINHUA) — Syrian President Hafiz al-Asad met here today with a delegation of the National Committee of the Chinese People's Political Consultative Conference (CPPCC) headed by Vice-Chairman of the committee Qian Weichang.

During the meeting, they dealt with the friendly relations of cooperation between the two countries. President al-Asad stressed the importance of expanding these ties to the benefit of the two countries.

The head of the delegation expressed the support of China to the Syrian people in their struggle to recover the Golan Heights, now occupied by Israel.

President al-Asad reiterated Syria's firm policy of "one China," saying that the Taiwan issue is a Chinese

internal affair. He expressed his wishes for the Chinese people to realize the target of reunifying their country.

**Sub-Saharan Africa**

**PRC: South African Minister Visits, Comments on Ties**

*OW2603064096 Hong Kong AFP in English*  
*0620 GMT 26 Mar 96*

[FBIS Transcribed Text] Beijing, March 26 (AFP) — South African Foreign Minister Alfred Nzo said here Tuesday he hoped his country could soon establish diplomatic relations with China.

South Africa is a longstanding ally of nationalist Taiwan and Nzo made the comment at the end of a 48 hour trip to Beijing, the first by a South African foreign minister.

"There are relations of long standing," said Nzo. "All that needs to be done in the near future is the establishment of — hopefully — diplomatic relations."

Nzo met President Jiang Zemin, Premier Li Peng, Foreign Minister Qian Qichen and Foreign Trade Minister Wu Yi. He said all the meetings were "very cordial, very nice," but refused to give details.

He said an announcement would be made after he reports back to President Nelson Mandela in Pretoria.

**PRC: South African Foreign Minister Ends Beijing Visit 26 Mar**

*OW2603065596 Beijing XINHUA in English*  
*0636 GMT 26 Mar 96*

[FBIS Transcribed Text] Beijing, March 26 (XINHUA) — South African Foreign Minister Alfred Nzo ended his three-day visit to China today.

During his stay in the Chinese capital, the foreign minister held talks with Chinese Vice-Premier and Foreign Minister Qian Qichen on a wide range of issues of common concern.

Chinese President Jiang Zemin and Premier Li Peng met with Nzo on separate occasions.

Chinese Minister of Foreign Trade and Economic Cooperation Wu Yi and South African Foreign Minister Nzo discussed bilateral trade ties between the two countries.

Nzo is scheduled to leave Beijing this afternoon.



**Political & Social****PRC: Officials Dismiss Report on Launch Disaster***HK2603084396 Hong Kong HONGKONG  
STANDARD in English 26 Mar 96 p 7**[By Pamela Pun]*

[PTS Transcribed Text for FBIS] Chinese officials denied a report saying more than 100 people were killed by the Long March rocket which crashed shortly after take-off last month.

"There is no exaggeration nor adulteration in our announcement saying six people died and 57 were injured," Great Wall spokeswoman Zhang Lihui said.

At the weekend, an Israeli television station showed video pictures of a devastated village taken by an Israeli technician who was at the launch.

The technician said thousands were injured and more than 100 killed.

"These are lies, we had already moved most of the people living in villages near the launch site," said a government spokesman from Xichang city.

"The report was not one seeking the truth from fact," Ms Zhang said, adding it "could not give any evidence to cast doubt on our announcement".

As evidence, Ms Zhang said the corporation's announcement last month mentioned that the Great Wall Corporation, maker of the Long March 3B, has bought the third party insurance.

The insurance company must compensate Great Wall's losses based on the announcement as a claim evidence, she added.

"We have bought third party insurance, so if we fabricate the number (of the toll), will it do any good to us?" she said yesterday.

Dismissing the Israeli's report saying the rocket hit a Yi minority village, she said: "We have already made public that it crashed into a mountain slope and then exploded."

Most of the debris fell onto an uninhabited mountain-side.

Asked to comment on the devastated houses shown on video, she said: "There were no people in the houses" at that time because authorities had evacuated them in advance.

Windows and doors of some empty buildings near the site-including local Yi bamboo houses—were blasted away by the shock wave, she said.

Around 11.00 pm on 15 February, the evacuees were watching a film at a safe site, according to Ms Zhang.

In a bid to help local people better understand and comply with the evacuation arrangement, "we showed two films to the evacuated people from 9:00 pm that day".

Those staff at the launch centre who were not on duty were also moved to a safe place she said.

People living within two kilometres from the Xichang satellite launching centre are evacuated before each launch as usual practice, she said.

She also cast doubt on the video which was said to have been taken by a Israeli engineer. "So far we have not verified any Israeli at the spot. There were no Israelis participating in the project by the either the United States or us."

She said she was surprised at how a so-called Israeli—hiding his true nationality—emerged nearly 40 days after the accident.

The rocket exploded 22 seconds after take-off on 15 February at the Xichang space centre in southwest China. It was carrying the U.S. satellite, Intelsat 708.

**PRC: NPC Deputy: Fujian People Support Military Exercises***OW2503122796 Fuzhou FUJIAN RIBAO in Chinese  
10 Mar 96 p 1*

[Dispatch by staff reporter Huang Shihong (7806 0013 1347) from Beijing: "Jia Qinglin Interviewed by Chinese and Foreign Reporters"]

[FBIS Translated Text] Jia Qinglin, deputy to the National People's congress (NPC), secretary of the Fujian Provincial CPC Committee, and chairman of the provincial people's congress standing committee, was interviewed by Chinese and foreign reporters at the Fujian Room of Beijing's Great Hall of the People this morning. More than 50 reporters from 34 mass media, mainly from overseas mass media, were at the interview, asking him questions concerning Fujian-Taiwan relations and other questions they were concerned about.

Yuan Qitong chaired the interview, at which Chen Mingyi and He Shaochuan were present.

Jia Qinglin told reporters: I can responsibly tell you that now in Fujian, society is stable, the people remain calm, and things are normal in all fields. The missile-firing training and military exercises under way have demonstrated our determination and ability to safeguard the sovereignty and territorial integrity of the country. The Fujian people resolutely support the training and

exercises, and their daily lives and work are not affected. In the first two months of this year, new progress was made in industrial and agricultural production and in attracting foreign funds.

Jia Qinglin said: The trend of development in Fujian-Taiwan economic and trade cooperation and exchange is irresistible. Li Denghui's [Li Teng-hui's] visit to the United States in the second half of last year seriously spoiled a good atmosphere that had occurred between the two sides of the Taiwan Strait since the publication of President Jiang Zemin's eight points. However, Fujian still approved 610 new Taiwan-funded projects last year, and the total sum of contracted investment was \$1.819 billion, an increase of 17.43 percent over the record year of 1993. The overwhelming majority of the Taiwan enterprises which have invested in Fujian are making profits, and the investment environment in the province has been improving with each passing day. And a lot of capital has been flowing out of Taiwan. The momentum of increasing economic and trade cooperation between Fujian and Taiwan, separated by a strip of water, will certainly continue.

Jia Qinglin invited Chinese and foreign reporters to visit Fujian more often so that they would know more about and report more on Fujian. So long as reporters observe the law and moral standards and do what is compatible with their status, Fujian will, as always, welcome them and provide conveniences for them. Reporters will be welcome to cover the Fourth Session of the Eighth Fujian Provincial People's Congress which is scheduled for early April.

**PRC: Personnel Minister Song on 'Two Adjustments'**

*HK2603073896 Beijing LIAOWANG in Chinese  
12 Feb 96 No 7, pp 10-11*

[Interview by staff reporter Huang Haixia (7806 3189 7209) with Song Defu, minister of personnel; place and date not given: "Two Adjustments Shall Be Implemented in Personnel-Related Work"]

[PTS Translated Text for FBIS] This year is the first under the Ninth Five-Year Plan. The Fifth Plenary Session of the 14th CPC Central Committee defined the grand blueprint for our national economic and social development into the next millennium. So how will the Ministry of Personnel work toward the grand objective and what kind of personnel system is it planning to take into the 21st century? This reporter interviewed Song Defu, minister of personnel, the other day.

[Huang] Could you please tell us something about the basic approach to deepening the personnel structural

reform in our country between now and the next century and the background of how it has been put forward?

[Song] The basic approach to deepening our reform is to realize "two adjustments" in personnel-related work.

The Fifth Plenary Session of the 14th CPC Central Committee emphasized that the key to realizing our objectives for the coming 15 years is to achieve two essential changes that have implications for the overall situation, namely, the change from the traditional planned economic system to the socialist market economic system, and the change from an extensive mode of economic growth to an intensive mode. This was an important decision made by the central authorities after a comprehensive analysis of the status quo and objective trends of our economic and social development. It is of great relevance to personnel work to actively promote the change of the economic system and that of the mode of economic growth. The establishment of the socialist market economic system requires a matching personnel management system, and the change in the mode of economic growth requires that we center upon economic efficiency in our economic work, do a good job of scientific and technological advancement and scientific management, and improve the quality of workers. We have proposed two adjustments in personnel work after analyzing the situation, digesting the thrust of central instructions, and reviewing our previous work, in light of the requirements of the two essential changes.

[Huang] Could you please tell us what the two adjustments in personnel work are about?

[Song] The first adjustment in personnel work is to establish a personnel management structure that matches the market economy. This structure covers the following — a personnel system managed by category, a scientific and rational salary system, a multilevel social security system, a macromanagement setup for personnel, a human resources market set-up, and a personnel legislation system. At present, we mainly aim to accelerate and strengthen our reform, with a view to achieving the following:

1. We are striving to preliminarily introduce a civil service system in the state administrative organs at all levels by the end of this year. At the moment, the focus is on popularizing this system in prefectural, city, county, and township governments. This is an important part of the endeavor to strengthen the building of rural grass-roots power organs. This year, while conducting the work on examination and recruitment, assessment, resignation, and dismissal, we shall concentrate on the introduction of the post rotation system and the civil service avoidance system. We shall study and formulate

matching measures in light of new circumstances and new problems.

2. We shall accelerate the reform of the social security system. The main task this year is to expand experimentation and work out proposals. The provinces, municipalities, and autonomous regions where experimentation has been carried out should expand the scope of their experimentation; and those where such experimentation has not started should first work on the endowment insurance for contract workers and nonprofit institutions which take care of their own receipts and payments. The central state organs and their affiliated institutions based in Beijing should concentrate on the social security aspect for contract workers and nonprofit institutions taking care of their own receipts and payments. The Ministry of Personnel and the Ministry of Finance have jointly produced a draft proposal, and efforts are being made to promulgate it as soon as possible.

3. We shall accelerate the building of the legislation system and strengthen supervision over law enforcement. Efforts are being stepped up to formulate the "State Public Servant Law" (Draft), which is to be the basic law of our civil service system. This has been officially listed on the legislative work agenda of the Eighth National People's Congress. In the meantime, the matching legislation and regulations regarding the discipline and promotion and demotion of state civil servants should also be revised and published with a sense of urgency, so as to complete the formulation of each matching legislation related to the civil service system.

4. We shall strengthen the building of the macromanagement system for personnel. It is necessary to further deepen reform of the personnel planning and management system and the personnel statistics system, improve and strengthen macroregulation and control, and raise the level of comprehensive management. It is necessary to substantially strengthen macroregulation and control over income distribution through salaries, strictly control the total payroll and total increment, and strengthen management of salary funds.

The second adjustment that is to be made to personnel work is to turn traditional personnel management into integrated exploitation of skilled human resources. This incorporates the following — doing a good job in human resources forecasting and planning, training and utilization, and disposition and management; and cultivating a contingent of civil servants, a contingent of specialized technical personnel, and a contingent of management personnel. Our country abounds in manpower but is relatively short on skilled human resources. It is necessary to turn the burden of a vast population into the driving force behind economic reinvigoration through

integrated exploitation of skilled human resources, use the advantages in skilled human resources to make up for the shortage of some natural resources, and thereby boost our economic development.

1. Do a good job of forecasting and planning skilled human resources. In terms of distribution, we should take into consideration the progress and characteristics of economic development in the eastern and western regions, bring into play the role of coastal open cities and open zones as models and leaders, and attach importance to the efforts of the central and western regions to retain and introduce skilled human resources. In terms of structure, we should take into consideration the requirement of strengthening primary industry, adjusting and improving secondary industry, actively developing tertiary industry, and energetically reinvigorating pillar industries; and concentrate on human resources planning for such key industries as agriculture, communications, and science and technology and such new industries as information, technology, and legal services. In terms of strategy, we should aim at the trends of the world's new technological revolution and forecast well the demand for skilled human resources in such areas as electronic information, biological engineering, and new materials. This year, we should work together with relevant departments to formulate a program of human resources demand and exploitation for the year 2000. Various regions and departments should gradually set up systems for sampling survey and statistical analysis of skilled human resources.

2. Do a good job cultivating and utilizing skilled human resources. State civil servants, managers of enterprises and institutions, and specialists and technical personnel should all take part in training and update their knowledge according to the requirements of their specific jobs and how the situation is developing.

3. Do a good job of the disposition and management of skilled human resources. It is necessary to guide skilled human resources to gravitate toward the units required by key state projects and remote and poor regions; gradually bring graduates into the market; do a good job regulating surpluses and shortages of skilled human resources in the eastern, central, and western regions and well-targeted support for the building of human resource markets; speed up the building of regional, profession-specific, and foundational market systems; do a good job in the appraisal and grading of human resource markets; study and set industrial standards for services related to the flow of personnel; promote the standardized management of human resource markets; and do a better job exploiting human resources receiving education abroad, and providing services for and managing foreign experts working in China.



[Huang] Could you please comment on how you plan to solve the main difficulties in personnel work?

[Song] In the year ahead, we will concentrate on tackling some defects in the personnel system, update the system, reinforce personnel supervision, and make a good start on the two adjustments.

First, new progress has to be made in the reform of the personnel system of institutions and enterprises. As we have been promoting the civil service system in state organs over the past few years, we should concentrate on the reform of the personnel system of enterprises and institutions and strive for significant progress in setting up personnel systems managed by category that cater to the discrete characteristics of state organs, institutions, and enterprises.

As for reform of nonprofit institutions, in view of the nature and function of nonprofit institutions and laws governing the growth of skilled personnel, we should gradually introduce an employment system that caters to the characteristics of management personnel, specialists and technical personnel, and logistics personnel; and form a personnel management system that caters to the characteristics of the nonprofit institutions concerned and under which government and operational responsibilities are separate, units have decisionmaking power in employing staff, candidates have the right to choose their jobs, the government exercises supervision according to law, scientific management by category is instituted, and well-developed matching measures are available. This way, human resources can be exploited and utilized in a rational way and the development of related undertakings promoted. This year, we should reform and improve the methods of management of different categories of personnel, concentrate on trial introduction of the staffing system, and gradually improve the employee assessment and employment system. In conjunction with the implementation of the registration system for nonprofit institutions, we should delegate personnel management authority to institutions which take care of their own receipts and payments or are managed as enterprises, so that they can truly enjoy decisionmaking power in terms of employment.

As for reform of the enterprise personnel system, we will soon convene a forum on the enterprise personnel system at which we can study the issue and make plans. This year, we will gradually expand the scope of experimentation on an integrated package reforms of the enterprise personnel system, conscientiously sum up and spread successful experiences in the building of entrepreneurs' markets, broaden the scope of market disposition of managers of medium and small enterprises, guide enterprises to improve and strengthen internal per-

sonnel management, do a good job exploiting human resources, support and help enterprises bring in required skilled personnel, and actively serve the enterprises.

Second, we shall take aim at long-standing defects in personnel management and strive to make further progress in solving the problem of "once recruited, never dismissed; once promoted, never demoted; equal remuneration for different performances." This year, we should take bigger steps and achieve positive results in this respect. It is necessary to institute the resignation and dismissal system in state organs and nonprofit institutions and do a good job of the matching reforms. Institutions possessing the right conditions should introduce the system of contract employment, expand the scope of employment, and make sure that "those employed may also be dismissed once they are found incompetent." Assessment is the basis for promotions, bonuses, and penalties. It is the foundation upon which to determine salary raises and a means of fair appraisals. According to regulations, pay scales should be upgraded this year on the basis of assessments. This will be a good opportunity for solving the problem of equal remuneration for different performances. Assessments should be so conducted that personnel are strictly graded, and efforts must be made to avoid formalism and going through the motions. It is necessary to link the results of assessment with promotions, demotions, salary increases, bonuses and penalties, and dismissals, so that those deserving promotion will be promoted and those deserving demotion will be demoted. In this way, there will be demotions as well as promotions, bonuses and penalties will be fairly meted out, and different performances will receive different remuneration.

Also, new progress must be made in updating the management system, and a personnel arbitration system should be introduced. As the market economy has developed and reform of the personnel system deepened, personnel-related disputes have been increasing, and we have reached the point where we cannot do without personnel arbitration. We should further expand the scope of personnel arbitration to manage the flow of personnel, assessment, and dismissals in state organs, enterprises, and nonprofit institutions. The Ministry of Personnel is planning to set up a "Personnel Arbitration Department" sometime this year which will mainly handle personnel-related disputes in central state administrative organs and their subordinate institutions, as well as trans-regional cases.

The personnel agency system should be introduced. This is a new method of personnel management. Under this system, personnel-related requests from enterprises and institutions are accepted, the appropriate candidates are recruited in accordance with the requirements of po-

tential employers, files are kept on behalf of employers, insurance premiums paid, and employee competence assessed and their professional titles determined, which are all aspects of personnel management; and programs for personnel development and proposals for institutional setup or reform are formulated for the clients.

The testing and appraisal of personnel should be developed. This employs advanced scientific means and a complete testing and appraisal system to help potential employers find the right people they want and help all kinds of skilled people find suitable jobs, so that the talent of every individual can be turned to good account.

Furthermore, new progress must be seen in the reinforcement of the personnel supervision system. It is necessary to concentrate on institutional supervision, departmental supervision, and social supervision. This year we plan to introduce the supervisor's system and engage non-CPC members, discipline inspection authorities, media units, and grassroots people as supervisors and formulate applicable regulations to ensure that they can perform their supervisory role and that the avenues for societal participation in such supervision can be further broadened. The part-time examiner system should be introduced under which the personnel department chiefs of relevant ministries and commissions and some localities are engaged as examiners to ensure the fairness and impartiality of the examinations.

#### PRC: 'Outline Program' Urges Accelerating Use of Science

OW2503113396 Beijing XINHUA Domestic Service  
in Chinese 0657 GMT 7 Mar 96

[FBIS Translated Text] Beijing, 7 Mar (XINHUA) — The "Outline Program (draft)," submitted by Li Peng to the Fourth Session of the Eighth National People's Congress [NPC] for examination and approval, includes a specific exposition on the acceleration of scientific and technological progress in its section dealing with "the strategy of revitalizing the country by applying scientific and technological advances and promoting education."

The "Outline Program (draft)" points out: In making overall planning for the development of science and technology and for economic construction, first, it is necessary to adapt to market demand, to strengthen technological and product development, and to accelerate the commercialization and industrialization of scientific and technological achievements. Efforts should be concentrated on tackling key technological problems in economic and social development. Upholding the principle of combining independent research and development with the introduction of advanced foreign technology, we should adopt advanced manufacturing tech-

nologies, quicken the pace of producing major sets of equipment at home, and speed up the updating of existing equipment. We should resolutely implement the policy on the protection of intellectual property rights, and protect patent rights and inventions. Second, we should make vigorous efforts to develop high technologies and high-tech industries, closely follow the trend of world high-tech development, and stress the development of high technologies in such fields as electronic information, biology, new materials, new energy, aviation, space, and marine technology with a view to approaching or reaching advanced world levels in some major fields. We should vigorously apply high technology to transform traditional industries. Third, we should step up basic scientific research. Aiming at the world's advanced areas of science, we should concentrate our efforts on achieving breakthroughs in the fields where our country has a cutting edge.

The "Outline Program (draft)" states: To accelerate the advancement of science and technology, we should do the following:

1. It is necessary to step up agricultural scientific research and technological development, to pay attention to combining high technology with conventional technology, and to speed up the popularization of mature, applicable advanced technology. Continued efforts should be made to conduct experiments and demonstrations on the comprehensive improvement of medium- and low-yield farmland. It is essential to improve comprehensive techniques for areas producing commodity grains. We should strengthen the selection and breeding of improved animal and plant varieties and continuously provide technical support for "Project Seed." We should strengthen forecasting on plant diseases and insect pests and step up research on the control of such diseases and pests. We should step up research on water-saving techniques and dry farming technology, and popularize them. We should do research on techniques for the development of shelter forests and for the prevention of desertification. We should vigorously promote the application of biological, computer, remote-sensing, and other high technologies in agriculture.

2. We should increase our ability to make innovations in developing industrial technology and step up our efforts to develop new products. In line with the requirements of industrial development, we should organize personnel to tackle key scientific and technological problems with the stress on solving major technological problems of a crucial, common, and fundamental character while carrying out key projects. We should accelerate the process of turning scientific and technological achievements into an actual productive force through the increased application of such achievements in undertaking projects and

their systematic integration [tong guo jia qiang dui ji shu de gong cheng hua he xi tong ji cheng 6639 6665 0502 1730 1417 2111 2611 4104 1562 4453 0553 0735 4762 4827 7162 2052]. In developing major sets of technical equipment, stress should be put on the development of the 700,000-kw hydroelectric generating set, the 60,000-tonne ethylene cracking still, large ships, and facilities producing 200,000-tonnes of phosphogypsum acid [lin shi gao zhi 4340 4258 5221 0455 6808] and 300,000 tonnes of cement.

3. Vigorous efforts should be made to develop high technology and high-tech industries. We should engage in the work of technological research and development at a level at which we can make progress to bring about favorable conditions for our economic development. We should develop technologies with independent intellectual property rights in computer software, hardware, networking, and other electronic fields as well as in new materials, agriculture, medicine, bioengineering, new energy, space, aviation, and marine technology. We should accelerate the industrialization of high technology with stress on high-speed passenger and heavy-load freight rail transport technology; submicron integrated circuit and eight-inch silicon single crystal manufacturing technologies; electronic automation technology in communications, electricity, the manufacturing industry, and tertiary industry; new oil-drilling and oil-extraction technology; low-temperature nuclear heating [di wen he gong re 0144 3306 2702 0180 3583] technology; synchronous digital-serial communications technology; and mass digital-control electronic telephone switching systems technology. We should strive to improve the performance, quality, and market share of high-tech products.

4. We should strengthen scientific research and technological development in the major sectors of social development. We should make breakthroughs in a number of key technologies in family planning, the prevention and treatment of serious diseases, and the development and production of new medicines. We should continue to research and apply clean coal burning technology, technology for recycling waste or discarded materials, and technology for the prevention of natural disasters and for alleviation of damage from such disasters. Efforts should be made to build a number of comprehensively experimental areas where social development is guided by scientific and technological advances and where major scientific and technological achievements are made and popularized.

5. We should strengthen basic scientific research and the building of basic facilities for scientific research. Keeping in mind major scientific and technological problems in national economic and social development and aiming

at the world's advanced areas of scientific development, we should concentrate our efforts on research in fields where our country has favorable conditions. In view of the trend of scientific development in the world and that of the development of industrial technology in our country, we should focus on the development of new major sciences, cross-discipline sciences, and applied basic sciences, which are mainly biology, information science, energy science, materials science, and environmental science.

6. We should make greater efforts to reform the science and technology management system, step up the reform and establishment of mechanisms closely combining scientific research and development with production and marketing, and strive to build enterprises into a main force for technological research and development.

**PRC: State Councillor Chen Urges More Care for Poor**

*OW2203144896 Beijing XINHUA in English  
1418 GMT 22 Mar 96*

[FBIS Transcribed Text] Beijing, March 22 (XINHUA) — The Aid-the-Poor project is closely related to the overall political, economic and social development of the country, and the central government departments must do a better job of the work, a senior official said here today.

State Councillor Chen Junsheng, who is in charge of the work, made the remark at a conference on the sharing of experience between the departments of the central government and the Chinese Communist Party Central Committee in the endeavors.

He noted that the top concern in the poverty-stricken areas is the problem of food and clothing. And the major work for the Party organizations and governmental departments in Beijing now is to help localities solve these problems.

He urged the central government departments to improve their understanding of the work, and "leading officials must take care of it in person".

He asked that Party and governmental departments view the work as an important task enabling them to link themselves closely with the people.

At present, 118 of the central government departments and Party organizations have set up aid-the-poor leading groups or offices, which sent a total of 947 million yuan in aid to the poverty-stricken areas last year.



**PRC: NPC Standing Committee Presents Work Report***OW2503054296 Beijing XINHUA Domestic Service in Chinese 2049 GMT 20 Mar 96*

[Work Report of the National People's Congress Standing Committee Presented by Tian Jiyun, Vice Chairman of the NPC Standing Committee, at the Fourth Session of the Eighth NPC on 12 March 1996]

[FBIS Translated Text] Fellow deputies:

Entrusted by the Standing Committee of the Eighth National People's Congress (NPC), I hereby present the work report of the Standing Committee since the Third Session of the Eighth NPC and the major tasks for the coming year for your examination.

**I. Major Work in the Past Year**

The past year was one during which people of all nationalities across the country continued to proceed triumphantly along the road of building socialism with Chinese characteristics with new success being achieved in various undertakings. Persisting in taking the theory of building socialism with Chinese characteristics and the party's basic line as guidance, and in accordance with the basic principle of "seize the opportunity to deepen reform, open wider to the outside world, expedite development, and maintain stability," the NPC Standing Committee has conscientiously fulfilled the responsibilities entrusted to it by the Constitution; taken strengthening socialist democracy and the legal system as its basic tasks; actively pushed ahead the establishment and perfection of the socialist market economic system; and promoted a sustained, rapid, and healthy development of the national economy and overall social progress, with new progress being achieved in various aspects.

**(1) Achievement of Significant Legislative Results**

Since the Third Session of the Eighth NPC, the Standing Committee, while continuing to place legislative work ahead of other work, has accelerated the pace of legislation with emphasis on economic enactment. In the past year, the Standing Committee has examined 28 draft laws and decisions on relevant law issues; adopted 15 laws and decisions on relevant law issues; and ratified 11 treaties, pacts, and agreements entered with foreign countries, thus taking an important step in shaping a socialist market economic legal system that provides a legal guarantee for a smooth reform, opening up, and modernization drive.

As structural reform on finance and taxation represented two major reforms in recent years, the standing committee has attached great importance to legislation in this

respect. Following the enactment of the People's Bank of China Law by the Third Session of the Eighth NPC, the standing committee further legislated the Commercial Bank Law which carries important significance in protecting the legitimate rights and interests of commercial banks, depositors, and other customers; in regulating the conduct of commercial banks; in enhancing asset quality for credit loans; in adjusting stocks; and in making specialized banks to conduct, as soon as possible, their business according to operating mechanisms adopted by modern commercial banks. The Insurance Law was enacted to adjust the rights-and-obligations relationship between parties in the insurance industry, including the insurer, the insured, and the beneficiaries. It is also a law under which the state will supervise and manage the insurance enterprises and the insurance markets; its enactment will be conducive to guaranteeing and promoting the healthy development of the insurance industry in China. The legislation of the Bill Law will help regulate the conduct of negotiable instruments and protect the legitimate rights and interests of bill holders and other interested parties. The enactment of the Guarantee Law has a positive role to play in promoting financing and commodity circulation, in providing security to bank loans and commodity exchange, and in guaranteeing the interested parties' legitimate rights and interests. The standing committee's adoption of the Decision on Punishing Crimes Targeting Disruption in the Financial Order provides the legal basis for effectively curbing criminal activities in financial circles; for cracking down on such financial fraud as forging counterfeit currency notes, bills, letters of credit, and credit cards; and for rectifying the financial order. To straighten out the taxation order, safeguard the interest of the state, and ensure a smooth taxation reform, the standing committee introduced in time the Decision on Punishing Crimes Related to Falsifying, Forging, and Illegally Selling Invoices of Value Added Tax. The laws mentioned above have not only consolidated results achieved in financial and taxation reform, but also will help preserve the financial and taxation order, tighten financial and economic discipline, improve macroeconomic regulation and control, and establish a new financial and taxation system under conditions of China's socialist market economy.

The Standing Committee also attached importance to enacting and perfecting laws related to invigorating basic and key industries, and strengthening environmental protection. Electric power is the material foundation for modernizing the national economy and enhancing the people's living standard. The Standing Committee's adoption of the Electric Power Law will be conducive to regulating the construction, production, supply, and utilization of electric power; to safeguarding the legitimate

rights and interests of electric power investors, operators, and users; and to promoting the development of the electric power industry. The legislation of the Civil Aviation Law is important to safeguarding the nation's air space sovereignty and rights of civil aviation, protecting the legitimate rights and interests of various interested parties involved in civil aviation activities, and to guaranteeing a safe, orderly civil aviation. Revolving around the basic state policy of environmental protection, the Standing Committee enacted the Law on Preventing and Managing Environmental Pollution by Solid Wastes and amended the Law on Preventing and Managing Atmospheric Pollution. These two laws will be conducive to protecting and improving both living and ecological environments, preserving the people's physical health, and promoting development of the modernization drive. The Standing Committee also examined the Amended Law on Preventing and Managing Water Pollution, and drafts of the Energy-Conserving Law, amendments to the Statistical Law, and the Auction Law.

To meet the requirements of strengthening the building of socialist spiritual civilization and the development of educational, scientific, public health, and sports undertakings, the Standing Committee enacted the Sports Law, amended the Food Hygiene Law, and examined the draft Law on Promoting Transformation of Scientific and Technological Achievements, and the Vocational Education Law. The introduction of the Sports Law will be conducive to the promotion of mass sports activities, the enhancement of the people's physical quality, the continuous improvement of sports levels, and the healthy development of sports undertakings. The amendments to the Food Hygiene Law, which have further improved the state's food hygiene supervision system, have considerable significance in strengthening management of enterprises engaged in food production and operation, and the food markets, in guaranteeing food hygiene, in preventing food pollution, and in protecting the people's health.

To further perfect the state's judicial system and the mechanism on administrative law enforcement, the Standing Committee examined drafts of amendments to the Criminal Procedures Law and the Administrative Punishment Law. The Criminal Procedures Law is amended to meet the requirements of establishing a democratic legal system based on 16 years of practice and experience; the amendments will have an important role in perfecting China's criminal proceedings and judicial system, in protecting the citizens' rights and interests, in punishing criminals, and in maintaining social stability. As administrative punishment is an important means for administrative organs to carry out their functions according to law, the regulation on setting and en-

forcing administrative punishment will help protect the legitimate rights and interests of citizens, legal persons, or other organizations; supervise administrative organs in implementing administrative management; and safeguard public interests and social order. The Standing Committee has decided to refer the two draft laws to the current session for examination. The enactment of the Martial Law bears important significance to safeguarding national unification, security, and social and public order; to preserving the socialist system, and to securing the safety of the people's lives and property. The Standing Committee has also approved the Reserve Military Officers Law, and has examined drafts of the Lawyers Law, the Administrative Supervision Law, and Regulations on Punishing and Managing Servicemen for Breach of Duties and Commission of Crimes.

The Standing Committee has, for the past year, stepped up legislative planning and initiatives with better guidance, supervision, and coordination on law drafting, resulting in most units charged with the responsibility for law drafting being able to fulfill their assignments in time. The Standing Committee seriously examined all submitted draft laws, widely solicited opinions from various sectors, and conducted scientific argument to ensure effectiveness and practicality. The Standing Committee also organized a legislative work forum last December to exchange views and experience on how to better fulfill legislative schedules, and thus speed up the law-enacting process.

## **(2) Supervisory Work Was Improved and Strengthened**

Supervising the implementation of the constitution and the law is an important function entrusted to the NPC Standing Committee by the constitution. In the past year, the Standing Committee has continued to give equal importance to the supervision of law enforcement, and legislation. Under the responsibility of six vice chairmen of the Standing Committee, 17 inspection groups were organized to focus on examining the implementation of the laws on agriculture, environmental protection, protection of the rights and interests of women, and protection of investments by Taiwan compatriots, the decision on banning drug abuse, and the resolution on deepening the publicity campaign and education on the legal system. As agriculture is the foundation of the national economy, strengthening agricultural development is a priority task in developing the national economy. On the basis of examination in 1994, the Standing Committee, in 1995, again organized inspection groups to examine the implementation of the Agriculture Law in Hunan, Zhejiang, and Heilongjiang provinces. It especially urged the local authorities to



seek solution to the major problems currently facing rural work and agricultural production — lack of input, excessive rise of prices of capital goods for agricultural production, slow increase in farmers' income, and the return of farmers' burdens. To change the current grim environmental situation in China and to prevent it from worsening, the Standing Committee organized inspection groups to examine the implementation of the Environment Protection Law in Hainan, Shanxi, and Liaoning provinces and put forward opinions and suggestions for further implementing the law. The Standing Committee also organized inspection groups to examine the implementation of the Law on the Protection of the Rights and Interests of Women in Yunnan, Guangxi, Liaoning, Heilongjiang, Shanghai, Fujian, Ningxia, and Gansu Provinces (autonomous regions, municipality). In addition to affirming their work in implementing the law, the Standing Committee put forward suggestions for further implementing the law. In view of the occurrence of the serious problems of drug abuse and trafficking in some localities, the Standing Committee, on the eve of the fifth anniversary of the decision on banning drug abuse, organized inspection groups to examine the implementation of this decision in Yunnan and Guangxi Autonomous Regions, and Sichuan Province, and urged relevant government departments to strengthen leadership and coordinate with people from various sectors to promptly solve the problems encountered in the work of banning drug abuse, and to intensify the work of banning drug abuse. To protect the legitimate rights and interests of Taiwan compatriot investors and promote cross-strait economic exchanges and cooperation, the Standing Committee organized inspection groups to examine the implementation of the Law on the Protection of Investments by Taiwan Compatriots in Fujian and Guangdong Provinces and urged the local authorities to improve rules and regulations and strengthen management and create a good legal environment for investments by Taiwan compatriots. Last year was the last year of the Second Five-Year Plan for publicizing laws. The Standing Committee promptly organized inspection groups to examine the implementation of the resolution on deepening the legal system publicity and education campaign. In addition to affirming the achievements in publicizing laws during the period, the Standing Committee put forward constructive suggestions for conducting sound education to publicize laws in the future. The Standing Committee earnestly listened to and examined the reports on the examination of the implementation of various laws, and promptly handed over to the relevant government departments the reports, and the opinions and suggestions made by committee members during examination of the reports, urging them to solve and handle the problems discovered and some typical cases

of law violations. After earnestly studying and solving the problems raised by the Standing Committee in the course of examining the implementation of laws, the relevant government departments submitted reports to the Standing Committee on improvement in law enforcement.

The Standing Committee also stepped up registration and examination of local laws and regulations, and offered corrective opinions on issues inconsistent with the constitution and law. Offices under the Standing Committee also conducted serious studies on issues arising from law enforcement submitted by various localities, and replied accordingly.

Revolving around such major issues as reform, opening up, and the modernization drive, and other "flash point" questions of general concern, the Standing Committee heard and examined work reports of the State Council and its relevant departments, the Supreme People's Court, and the Supreme People's Procuratorate as a major form of supervision over the work of these state organs. The Standing Committee heard and examined reports on the implementation of the national economic and social development plan, and approved the final state accounts after examination. It heard and examined reports on reforming state-owned large-and medium-sized enterprises, over which members showed great concern by forwarding opinions and suggestions to overcome difficulties and solve deep-rooted contradictions. After hearing and examining the statistical report amid such unhealthy phenomena as fraud, and falsified and exaggerated reports, the Standing Committee urged relevant state organs to reform and improve the statistical system through stricter enforcement of the statistical law to ensure professionalism. In their speeches, some members criticized certain localities for serious statistical discrepancies. Their criticism attracted the attention of the relevant authorities who mounted immediate investigations, and reported the outcome of their results to the Standing Committee. The questions of social order and banning drugs have become issues of common concern in recent years. After hearing and examining reports on banning drugs and the current condition of social order, the Standing Committee urged relevant national departments to further implement the principle of "being firm in attending to both material progress, and cultural and ideological progress" and to do a better job in comprehensive control of social order, so as to create a fine social environment for the modernization drive. The Standing Committee heard two briefings on the organization and holding of the Fourth World Conference on Women and was satisfied with the successful holding of the conference.



The Standing Committee fully affirmed the work of the Preliminary Work Committee for the Preparatory Committee of the Hong Kong Special Administrative Region after hearing its work briefing; it also adopted a members list of the Preparatory Committee of the Hong Kong Special Administrative Region in accordance with the "NPC Decision on Methods for Forming the First Government and Legislative Council of the Hong Kong Special Administrative Region" adopted by the Third Session of the Seventh NPC. The inauguration of the NPC Preparatory Committee of the Hong Kong Special Administrative Region on 26 January this year signified that various preparations for the formation of the Hong Kong Special Administrative Region have entered their implementing stage. The Standing Committee will strengthen leadership and support of the preparatory committee to ensure Hong Kong's smooth transition, prosperity, and stability.

### **(3) New Progress Made in Foreign Affairs Work**

Foreign affairs has been one of the Standing Committee's regular, important tasks. Standing Committee Chairman Qiao Shi paid visits to five nations last year. His visit to Japan and Korea was an important move in China's neighbor diplomacy, during which both sides reached consensus on certain major issues of common concern, and enhanced mutual understanding, which would help maintain peace and stability in the Asia-Pacific region. The chairman's visit to Pakistan, Egypt, and India was conducive to promoting exchange and cooperation between the NPC and the parliaments of the three nations, and has further promoted friendly, cooperative relations between China and the three countries.

The NPC delegation successively visited 14 countries, with its Standing Committee delegations taking part in nine international conferences while receiving 29 foreign delegations. Various NPC Special Committees sent 17 delegations to visit 30 nations and attend three international conferences, while receiving 27 delegations from foreign parliamentary committees and other international organizations. Other bilateral friendly groups also conducted bilateral and multilateral exchanges as planned and arranged. Offices under the Standing Committee also dispatched seven delegations (groups) to 10 countries for legislative study and work-related tours. Through multilevel and multichannel exchange activities with foreign countries, the Standing Committee has been active in publicizing the tremendous success of China's reform and opening up modernization drive; in introducing China's system of people's congress; in promoting understanding and friendship between the NPC and its foreign counterparts; in pushing forward cooperation and exchanges between China and other countries

in such fields as economy and trade, science and technology, culture, and education; in creating a fine international environment for China's reform, opening up, and modernization drive; and in better understanding other countries' legislative experience. When the UN Fourth World Conference on Women was in session, the Standing Committee successfully organized "1995 Parliamentarians Day" activities, during which over 500 parliamentarians from 102 nations unanimously adopted the "Beijing Parliamentary Declaration."

In August last year, the General Office of the NPC Standing Committee convened an external affairs meeting participated in by responsible persons of the people's congress standing committees of the various provinces, autonomous regions, and municipalities directly under the central government and the members of the NPC special committees. The participants exchanged experiences, studied their work, and clearly defined their tasks, playing a positive role in promoting the NPC's external affairs work.

### **(4) Strengthening Ties With Deputies and Local People's Congresses**

NPC deputies are the members forming the supreme organ of state power. Therefore, to do its tasks well, it is essential for the Standing Committee to give full play to the role of the deputies. In the past year, the Standing Committee has strengthened its ties with deputies by inviting some of them to attend its meetings as non-voting members. In examining various motions and in law-enforcement inspection activities, the Standing Committee earnestly listened to the opinions and suggestions offered by the deputies. At the end of last year, the NPC Standing Committee and provincial-level people's congress standing committees jointly organized NPC deputies to inspect the implementation of the 1995 budget and the 1995 National Economic and Social Development Plan; the implementation of the Agriculture Law, the Education Law, and the Tax Collection Management Law; and the implementation of the effort to improve all facets of public order, and the "vegetable basket" and "rice bag" projects. By carefully listening to the masses' opinions, the deputies were able to understand the present condition and problems of China's economic and social development. This was helpful when they examined motions at NPC sessions. In addition, it helped them to exercise, in a still better way, the power entrusted in them by the people. The Standing Committee organized the NPC deputies from the Hong Kong and Macao areas, and from Taiwan Province to inspect some localities in Yunnan and Zhejiang provinces. The deputies offered some opinions and suggestions about local work.

The Standing Committee adopted various methods to strengthen its ties with local people's congresses. After the conclusion of the Third Session of the Eighth NPC, the Standing Committee convened a meeting on work of local people's congresses, which was participated in by the responsible comrades of the people's congress standing committees of the various provinces, autonomous regions, and municipalities directly under the central government, to exchange experiences and discuss work for the new year. During their inspection of work in various areas, the chairman and vice chairmen of the Standing Committee paid attention to investigations and studies, listened to the opinions offered by local people's congresses, and offered guidance for the work of local people's congresses. The special committees and the offices under the Standing Committee strengthened ties with their counterparts under local people's congresses by convening discussion meetings to sum up and exchange experiences in people's congress work with a view to promoting it.

Since the second half of last year, elections have begun in villages and townships to elect new village and township people's congresses. The Standing Committee strengthened guidance regarding this work. The relevant offices under the Standing Committee promptly convened discussion meetings on this work, strengthened investigations and studies of this work, and pointed out and solved problems encountered in the elections. In the elections, the localities adhered to democratic means, strictly abided by the law, and upheld the system of multiple-candidate elections in which the candidates are jointly nominated by voters, thus guaranteeing the smooth progress of election work.

#### **(5) Functions of Special Committees and Working Bodies Fully Brought Into Play**

The special committees are the NPC's standing working bodies which take on a great deal of the routine work of the NPC and its Standing Committee. Over the past year, the special committees vigorously helped the Standing Committee carry out the work of legislation. Apart from deliberating the law drafts presented by the presidium of the NPC session and the Standing Committee, they also undertook some of the law-drafting work, and some of the law drafts have been submitted to the Standing Committee's meetings for examination or approval. The special committees supervised the law-drafting process by keeping in closer touch with law-drafting departments, getting involved in the work in advance, and working in a more coordinated way; and forums and seminars were held to study and discuss problems encountered in the process of drafting or revising law drafts. The special committees vigorously

helped the Standing Committee carry out the work of supervision in accordance with their own responsibilities and share of the work. Over the past year, apart from taking part in law-enforcement inspections organized by the Standing Committee, they also organized 27 inspection teams to examine the implementation of 13 laws. The special committees attached importance to listening to the work reports of relevant State Council departments, the Supreme People's Court, and the Supreme People's Procuratorate. Some of the special committees organized their members to conduct surveys on real-life problems so as to make suggestions. Deliberating motions raised by deputies is an important duty of the special committees. A total of 732 motions were raised by deputies during the Third Session of the Eighth NPC, of which 110 were, according to a decision made by the presidium of the session, turned over to the special committees for deliberation. The special committees presented reports to the Standing Committee after serious deliberation, and all these were approved by the latter.

The working bodies of the Standing Committee and of the special committees made numerous efforts to vigorously help the NPC and its Standing Committee exercise their functions and powers. Centered on the Standing Committee's legislative and supervisory work, the Standing Committee's working bodies on legislative affairs took on and fulfilled the heavy tasks of studying how to draft or revise law drafts. The working bodies attached importance to and laid great stress on surveys; vigorously took part in the work of drafting, discussing, and revising law drafts; and presented reports on the surveys and offered advice. The Standing Committee's working bodies seriously handled suggestions, criticisms, and opinions raised by deputies. The 2,930 suggestions raised by deputies during the Third Session of the Eighth NPC were assigned to 162 units for study and handling, and deputies were informed of this. In order to enhance the work of handling petitions and complaints, a forum on this work was convened by the General Office of the Standing Committee. Over the past year, 67,600 letters were handled, 13,746 persons (mentees) were received, and efforts were made to urge the quarters concerned to solve some concrete problems of the masses; and a great deal of information was provided for the Standing Committee's legislative and supervisory work. Efforts were made to keep strengthening the work of giving publicity to laws, the Standing Committee's meetings were reported in a better fashion, the Fifth Election of Good News on Propagating the People's Congress System was held, and a forum on the work of giving publicity to legal news was jointly convened with relevant departments to air views on further improvement in this aspect. The "Newsletter on the



People's Congress Work" has played a positive role in giving publicity to the building of socialist democracy, and of the legal system.

Over the past year, the Standing Committee achieved considerable results in its work, but certain deficiencies still exist: Some important laws which are badly needed in real life have not been enacted, the procedure of legislation has to be further straightened out, and the efficiency and standard of legislation remain to be further improved; the work of supervision, particularly the work of overseeing the implementation of laws, is not strong enough, and further efforts have to be made to carry out law-enforcement inspection with greater intensity; and the building of the Standing Committee itself has not completely met the needs of the People's Congress work, which is becoming tougher and tougher. We must take effective measures to seriously tackle these problems.

## **II. Major Tasks for the Work in the Coming Year**

This year is the first year in implementing the Ninth Five-Year Plan, and an important year for promoting the shift in economic system and economic growth mode and maintaining a sustained, rapid, healthy development of the national economy. The Standing Committee — under the guidance of the theory of building socialism with Chinese characteristics and the party's basic line — will continue to implement the guidelines of the 14th CPC National Congress and the Third, Fourth, and Fifth Plenary Sessions of the 14th CPC Central Committee in an all-round way; persist in carrying out the principle of administering the country according to the laws; conscientiously perform the duties prescribed in the constitution; further improve the system of people's congresses; do well in legislation, supervision, and work in other fields; actively promote the process of building a socialist country ruled by the laws; and ensure the smooth progress of reform, opening up, and the modernization drive.

### **(1) Continue to Strengthen Legislative Work to Expeditionally Set Up a Legal System Commensurable With a Socialist Market Economic Structure**

The "Proposal of the CPC Central Committee for Formulating the Ninth Five-Year Plan for National Economic and Social Development and the Long-Term Target for the Year 2010," adopted by the Fifth Plenary Session of the 14th CPC Central Committee, has put forth the objective and guiding principles for China's economic and social development in the coming 15 years. The "proposal" emphasizes: We should strengthen legislation, judicature, law enforcement, and universal edu-

cation in the knowledge of law; should, in particular, enhance economic legislation, and establish and improve a legal system which suits the socialist market economic structure; and should further standardize the economic management system and operational mechanism, and codify them. This has set a new higher demand on our legislative work. The Standing Committee will continue to strengthen the legislative work, especially economic legislation; and, in line with the requirement for integrating policy decisions on legislation with those on reform and development, continue to step up efforts to formulate and perfect laws designed to standardize norms for the market and market activities, to keep the market in order, to improve and strengthen macroeconomic regulation and control, to establish a sound social security system, to invigorate the basic and pillar industries, and to promote opening to the outside world. We will formulate and perfect laws for reinforcing the construction of democracy; building up state institutions organizationally; protecting environmental resources; promoting education, science, culture, public health; preventing corruption and encouraging clean government; combating crimes; maintaining public order; and reinforcing national defense. We will also promptly amend laws and regulations that cannot keep up with practical needs.

The establishment of a socialist market economic structure is a fundamental change. Along with the development of a socialist market economy, the legislative work has entered a crucial stage. We will earnestly sum up experiences, formulate laws at an accelerated pace, and improve the quality of legislative work. First, in formulating laws, we should take the constitution as our guide. The constitution, which is the fundamental charter of the country, should be the basis and guide for formulating all laws. Only by taking the constitution as the guide can we formulate laws that conform with the law governing social development in China, and cope with the needs of reform and construction. Second, in formulating laws, we should bear in mind the realities in reform and development. In order to consolidate achievements in reform and opening up, experiences that are proven correct by practice should be codified. For things that should be popularized or abolished, we should actively summarize experiences, standardize them as much as possible, and apply laws to guide, push forward, and ensure reform and development. Third, in formulating laws, we should proceed from the overall situation and the people's fundamental situation, correctly handle the relationship between the central and local governments and between departments, rationally divide and clearly define the powers of central and local governments and departments to prevent inappropriate consideration and accommodation to local and departmental interests, and powers of regions and departments. Fourth, in formu-



lating laws, we should base them on the actual conditions in China, and pay attention to drawing reference from foreign experiences. Fifth, in formulating laws, we should follow the mass line, give full expression to democracy, pool all correct opinions, and do things strictly according to the principle of democratic centralism and legal procedures.

To ensure the fulfillment of the Standing Committee's legislation plan for the next five years, further efforts must be made to effect stronger leadership, and to pay close attention to its implementation. The Standing Committee must guide and coordinate the law-drafting work in a more energetic manner, help solve problems and difficulties in the law-drafting process, and make every possible effort to consummate law drafts formulated. It is necessary to strictly enforce a responsibility system for the law-drafting work. Relevant departments and units entrusted with the law-drafting task must closely cooperate with each other and pool their strength to fulfill the task according to schedule under the prerequisite of guaranteeing quality. Apart from ensuring the fulfillment of their own law-drafting tasks, all of the special committees must continue forging close ties with relevant law-drafting units to grasp the situation and to oversee the law-drafting process. Further steps must be taken to improve the procedure of law-drafting deliberation, and to upgrade the quality of examination. Regarding major issues and divergent issues raised in the process of deliberation, efforts must be made to organize scientific discussions, to extensively solicit opinions from all sides, to coordinate the work well, and to make prompt decisions. The working bodies of the Standing Committee and of the special committees must vigorously furnish relevant survey findings and reference data. We must pay close attention to enacting the Legislation Law to further define the limits of legislation and to perfect the legislative procedure. We must continue guiding the work of enacting of local legislations with greater intensity and helping local people's congresses settle conflicts and problems encountered in the work of legislation so as to further improve the standard of local legislation.

## **(2) Further Improve and Strengthen the Work of Supervision To Achieve More Practical Results**

Implementation is the goal of law enactment, and only when a law is effectively enforced in real life can its due role be brought into play. Now, more and more laws have been enacted, but the enforcement of some is not good enough. Law implementation remains a weak link in building the legal system, which can be attributed to both historical and practical reasons. The settlement of this problem is a long-term difficult task which re-

quires the joint efforts of the whole nation and every state organ. In the process of promoting the rule of law and building the socialist legal system, we must attach importance to ensuring effective enforcement of the constitution and the law. The constitution is the fundamental code of conduct for ruling our country by law, and unconstitutional acts are the most serious law-breaking offenses. The authority of the constitution must be built up and those committing unconstitutional acts must be called to account. Propaganda and education on law must still be carried out thoroughly and the experience in popularizing laws in the past decade must be seriously summed up so as to carry out the work in an even more solid way. Efforts must also be made to improve the conception of law and the ability to work according to law on the part of vast numbers of cadres, all levels of leading cadres in particular, and the broad masses. Every department and locality must vigorously carry out activities of management by law for various undertakings and take gradual steps to make all types of state work governed by law. We must, pursuant to the requirement for developing the socialist market economy, reform and perfect the judicial system and the administrative and law-enforcement mechanism, build up a strong law-enforcement contingent, and upgrade the judicial and administrative law-enforcement standard. Further efforts must be made to supervise the implementation of laws more closely and to pay greater attention to the regular work of intensifying law-enforcement inspections. This year, we must focus on inspecting the implementation of laws which are related to the market economy, and facilitate the establishment of a new order for the socialist market economy. We must keep checking the enforcement of laws on agriculture as well as on science and education to promote agricultural development and facilitate the implementation of reinvigorating our country through science and education. As far as law-enforcement inspections are concerned, efforts must be made to perfect the mechanism with stronger leadership and greater intensity. As for problems found during inspections, it is necessary to urge relevant departments and localities to solve them in real earnest. By incorporating the implementation of the Administrative Proceedings Law and the State Compensation Law, we must build up and perfect a system to call law-breaking law-enforcement organs and personnel to account, and to seek compensation from them, and resolutely straighten out the phenomena of failing to observe and enforce the law, refraining from punishing law-breakers, and abusing powers.

We must continue upholding the system of listening to and examining the work reports of the State Council and its relevant departments, of the Supreme People's Court, and of the Supreme People's Procuratorate; focus

on overseeing the implementation of plans and budgets; supervise well the implementation of key policies on reform and development; urge relevant state organs to improve their work in real earnest, and support their work; and ensure the effective implementation of various reforms and work measures. We must promptly oversee the work of handling hot social issues which have evoked strong repercussions among the masses and maintain close supervision of work on public security to make social order more stable. We must also more closely supervise the building of a clean and honest administration, and urge judicial organs to strictly enforce the law with our backing, to pay close attention to the investigation and handling of large and important cases, to mete out severe punishment to corrupt elements, and to launch the anticorruption struggle in a thorough and sustained manner.

In recent years, the people's congresses and their standing committees in some localities have energetically explored ways for supervision work and have created some good experience and practices, such as organizing deputies to make comments on, and discuss, work of the government, the people's courts, and the people's procuratorates, and the work reports of cadres elected and appointed by people's congresses and their standing committees, to investigate and affix responsibility for law-violation of law enforcers, and to implement the law enforcement responsibility system. They have obtained relatively good results. We must seriously sum up and spread such experiences and practices, and raise the level of supervision work.

**(3) Energetically Carry Out Foreign Exchanges and Cooperation and Serve the Creation of a Good International Environment for Reform, Opening Up, and Modernization**

Foreign affairs of the people's congress are an important part of foreign affairs of our country. Parliamentary diplomacy plays a role which cannot be replaced by other diplomatic channels. The Standing Committee should follow the general principle for foreign affairs, make full use of the characteristics and advantages of parliamentary diplomacy to carry out work related to foreign affairs, strive to enhance friendship and cooperation between China's NPC and foreign parliaments, between China and other countries of the world, and between the Chinese people and the people of other countries of the world, and energetically create a good international environment for China's reform, opening up, and modernization. It should strengthen leadership, and conduct foreign affairs activities in a coordinated manner, in a planned way, with key points, in various forms, and at multiple levels. It should properly carry

out investigation and study of parliaments of important countries in order to do its work with clear aims and in a continuous manner. In September this year, the Inter-Parliamentary Union will hold its 96th meeting in China. We must continue to firmly grasp preparation in various aspects, and ensure the smooth progress of this international meeting. We must make full use of this opportunity for fact-finding, work harder, make more friends, expand friendly exchanges with parliaments of various countries, publicize the people's congress system of our country, and display tremendous achievements in the reform, opening up, and economic construction of our country.

**(4) Strengthen the Construction of the Standing Committee Itself and Fulfill Various Tasks Even Better**

The new situation and new tasks facing our country have put forward even higher demands for work of the people's congress. The Standing Committee must earnestly strengthen the construction of itself, particularly ideological construction and construction of the organizational system, in order to meet the needs of fulfilling heavy tasks in the new situation. Members of the Standing Committee must seriously study the theory of building socialism with Chinese characteristics, study the constitution and laws, and constantly raise their ideological and theoretical levels, and improve their professional quality. Last year, the Standing Committee held two forums on the constitution and laws and achieved very good results. In future, it should continue to do so. The Standing Committee should, in accordance with the principle of democratic centralism, further perfect various organizational systems and work systems, the meeting system, and procedures for discussion in particular, give full play to democracy, and handle affairs strictly in accordance with legal procedures. It should do a good job in the structural reform of NPC organs, put various relations in order, strengthen coordination, substantiate legislative work organs, and research and advisory organs, and improve work efficiency and quality. It should properly give training to NPC cadres, and gradually build a contingent of NPC cadres who are familiar with the constitution and laws, who have a rigorous and careful work style, who work in a down-to-earth manner, and who are full of vitality. Members of the Standing Committee should establish closer ties with the people, strengthen investigation and studies, fully reflect the opinions and demands of the people, consciously put themselves under the supervision of the people, and strive to do work in all aspects even better.

Deputies! The tasks facing this Standing Committee remain heavy. In the new situation, we must, under



the guidance of Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics and the party's basic line, and under the leadership of the party Central Committee with Comrade Jiang Zemin as its core, seek unity of thinking, make concerted efforts, work energetically to forge ahead, stress actual results, further push forward the building of the socialist democracy and legal system, and make new contributions to the building of a prosperous, strong, democratic, and civilized modern socialist country.

### Military & Public Security

#### PRC: PLA Claims Success as War Exercises End

HK2603070296 Hong Kong SOUTH CHINA MORNING POST in English 26 Mar 96 p 8

[By Geoffrey Crothall in Beijing]

[PTS Transcribed Text for FBIS] China's military yesterday "successfully" completed its third round of exercises in the Taiwan Strait with a joint air, land and sea attack on an "enemy" encampment off the coast of Fujian.

State-run television, in a six-minute report last night, showed elite troops from the People's Liberation Army's Nanjing War Zone storming beaches and landing in parachute drops under the cover of massive artillery fire.

The exercises, watched on the ground by vice-chairman of the Central Military Commission General Zhang Wannian, "fully demonstrated the PLA's resolve and determination to safeguard the unity of the motherland and defend state sovereignty and territorial integrity", the report said.

Despite the huge firepower unleashed during the exercises, last night's news report was not as overtly bellicose and threatening towards Taiwan as reports on the previous two military exercises had been.

In the report, General Zhang reiterated that China had "always stood for, and has been persistently working for, the peaceful reunification of the motherland", although he did add that China would never renounce the use of force to regain Taiwan if the island was invaded by foreign forces or declared independence.

Political analysts in Beijing said the less threatening tone of last night's report was in line with other official comments on the Taiwanese election which indicated that Beijing was willing to talk to newly re-elected Taiwan President Lee Teng-hui [Li Teng-hui].

"There definitely seems to be a slight softening of the line in the wake of the elections, although clearly

the threat of force is still there in the background," a Western diplomat said.

"This last exercise was clearly a mock attack on Taiwan, but they really did not play that up very much," he added.

The week-long exercises on and around islands near Fuzhou were designed to simulate an attack on enemy positions and involved just about every branch of the military.

The Air Force was shown making numerous bombing raids while wave upon wave of MiG jet fighters strafed positions with live fire ammunition.

Ground troops meanwhile stormed the beaches in tanks and amphibious landing craft, established a beach head and moved inland causing substantial damage to local farmland as they went. Paratroopers joined in the assault, landing in several waves from high-flying troop carriers.

The Navy provided support, shelling targets on land, while submarines, escort vessels and minesweepers patrolled the area off the coastline.

#### PRC: Zhang Wannian Watches, Comments on Military Exercises

OW2503145196 Beijing XINHUA Domestic Service in Chinese 1011 GMT 25 Mar 96

[By reporters Liu Huinian (0491 0932 1628), Huang Qiusheng (7806 4428 3932), and Cao Zhi (2580 2535): "Our Army Has Successfully Conducted Joint War Games of the Three Services in the Taiwan Strait. This Demonstrates the Fine Political and Military Qualities and High Fighting Will of the Officers and Men of Our Three Services and Shows That Our Army Has the Determination, the Means, and the Ability To Safeguard the Reunification of the Motherland and Protect National Sovereignty and Territorial Integrity; Zhang Wannian, Vice Chairman of the Central Military Commission, Watches the Exercises and Speaks"]

[FBIS Translated Text] Fuzhou, 25 Mar (XINHUA) — From 18 to 25 March, the Nanjing War Zone [zhan qu 2069 0575] successfully organized a joint war game in which ground, sea, and air forces participated. At the scene of the exercises the reporters witnessed the magnificent operations of the three services in crossing from sea to land on an island and launching attacks in mountain areas under the condition of modern technology, especially high technology. The exercises included attempts to wrest control of sea and air; high-speed ferrying of troops; landing of armored infantry; establishing a beachhead; mechanized parachute assault; multi-layer artillery barrage; breakthrough by strong assault



force; three-dimensional wedge; breaking resistance and attacking in depth. The success in the exercises demonstrates the fine political and military qualities and high fighting will of our three services and shows that our army has the determination, the means, and the ability to safeguard the reunification of the motherland and protect national sovereignty and territorial integrity.

Zhang Wannian, vice chairman of the Central Military Commission, watched the exercises and conveyed cordial regards from Jiang Zemin, chairman of the Central Military Commission, to the commanders and fighters of the ground, sea, and air forces and the Second Artillery Corps taking part in the exercises. Prior to this, Zhang Wannian also watched the military exercises conducted by the navy and air force in the South China and East China Seas.

In recent years, our three services, guided by Comrade Deng Xiaoping's concept of army building in the new period, acting in accordance with the general requirement that "all army units must be qualified politically and competent militarily. They must have a fine style of work, maintain strict discipline and be assured of adequate logistical support," and following the military strategy in the new period, have markedly improved their fighting strength by seriously exploring the characteristics and laws in connection with joint military operations under the conditions of modern technology, especially high technology. The current exercises have served to test the results of training reform and research in operational methods and have improved the operational capabilities of the three services.

The landing exercise was conducted in inclement weather in choppy seas. With strong support from the air force, the ground forces' air wing, the firepower of the navy and guided missiles, the landing force, comprising of guided-missile destroyers, escort vessels, minesweepers, submarine chasers, landing ships, and civilian [support] vessels, was able to break the resistance of the "enemy" repeatedly. Gun smoke filled the air and water from the sea shot up to the sky. Minesweepers and submarine chasers rushed bravely ahead to destroy obstacles on the sea as well as on the beachhead; attacking amphibious tanks from landing ships in layers of formations rushed to the beachhead; landing crafts composing of infantry soldiers, armored vehicles, artillery pieces, air units, and militiamen and reserve units on civilian boats arrived one after another to begin assault on the beach; the navy's marines on air-pumped crafts and assault boats rushed to the landing points like arrows; the brave airborne troops and the army's special forces units landed by parachute as well as by mechanical means deep in "enemy" positions, realizing the commander's battle plans of

landing at many points, achieving three-dimensional breakthroughs, cutting off enemy soldiers and annihilating them after surrounding them, seizing the landing places and linking them together.

There were many low steep hills on the island where the attack combat operations were conducted. After landing was completed, our main force, with cover provided by the firepower of the air force, the ground forces' air wing, and ground artillery, adopted flexible tactics of surprise attacks, attacking from two sides, making breakthroughs by taking advantage of a loophole, and breaking resistance and attacking in depth, and launched a fierce attack on the "enemy" by concentrating forces and firepower. Suddenly, fighters whistled and field artillery rumbled, shrouding the forward positions of the "enemy troops" in a sea of fire and gun smoke and creating a condition for the main attacking force to penetrate deeper into the "enemy's" positions. The troops comprising the main attacking force are the Red Army troops which took part in the Nanchang Uprising; their exploits are well known and their reputation has spread far and wide. While the various military branches jointly resisted the "enemy's" counterattacks by employing such means as air attacks, blocking with firepower, electronic interference, delaying its action with obstacles, and resisting the attackers with troops, our combined surprise attack forces consisting of helicopters, tanks, artillery, and infantry surrounded the "enemy" and annihilated it in rapid strikes deep into its territory.

Employing accompanying support [ban sui bao zhang 0133 9536 0202 7140], forced support [qiang xing bao zhang 1730 5887 0202 7140], air-to-surface support [li ti bao zhang 4539 7555 0202 7140], and other methods, officers and men of the technical and logistical support troops of the three armed services taking part in the exercise provided effective technical and logistical support for the joint battle fought by the three armed services. Highly effective ideological and political work enabled the troops to maintain high morale from beginning to end. Party and government leaders at all levels and the broad masses in Fujian, who have an honorable tradition of supporting the Army and frontline troops, were anxious about how the troops were, and provided whatever the troops needed — as they did during the years of the revolutionary war — making themselves a powerful support of the three armed services.

During the joint war games of the three armed services, a series of high-technology equipment played a leading role, the combined combat capability of the various services and arms was strong, employment of new combat techniques demonstrated great power, and many

methods were used to overcome the effects of the bad weather and complicated sea conditions, further enhancing our troops' overall combat capability under the conditions of modern technology, especially high technology.

This reporter interviewed Chen Bingde and Fang Zuqi, respectively commander and political commissar of the Nanjing Military Region [jun qu 6511 0575]. They said: Officers and men of the three armed services of the Nanjing War Zone [zhan qu 2069 0575] resolutely obey the command of the party central committee with Comrade Jiang Zemin as its core, and the command of the Central Military Commission [CMC]; and are always ready to fulfill the sacred mission entrusted on us by the party and people, to uphold the motherland's unification and safeguard the country's sovereignty and territorial integrity.

CMC Vice Chairman Zhang Wannian spoke at a meeting with leading cadres of the troops taking part in the exercise. He pointed out: Our military should unwaveringly carry out the basic policy of "peaceful reunification, and one country, two systems;" Chairman Jiang Zemin's eight-point proposal on advancing the motherland's peaceful reunification process; and should enhance our sense of having a mission to accomplish and sense of responsibility that we should contribute more to realizing the great cause of the motherland's peaceful reunification.

Zhang Wannian stressed: We advocate and have always worked for peaceful reunification. However, we will never commit ourselves to renouncing the use of force. If foreign forces interfere in [wai guo shi li gan she 1120 0948 0528 0500 1626 3195] China's reunification, or Taiwan becomes independent, we will resort to all means, including military means, to resolutely uphold the motherland's unification and safeguard the country's sovereignty and territorial integrity.

Zhang Wannian urged all armed services, following Comrade Deng Xiaoping's thinking of troop building in the new period and a series of important discussions of Chairman Jiang Zemin concerning troop building, to carry out in depth the military strategic policy for the new period; to forcefully step up the troops' ideological and political building; to deepen study of combat techniques and the reform of training methods; to make training more specific and adaptive; to increase the intensity and difficulty of training; to strive to enhance our military's actual combat capability under the conditions of modern technology, especially high technology; and to be always ready to fulfill all tasks entrusted on us by the party central committee and CMC. He said: We should seriously implement the guidelines

of the Fifth Plenary Session of the 14th CPC Central Committee and the Fourth Session of the Eighth National People's Congress; insist on building up our armed forces through science and technology; pay attention to improving quality; form a good atmosphere among the armed services of studying science, stressing science, and employing scientific methods; enhance combat capability through technological progress, quality improvements, and scientific training and management; successfully fulfill the troop-building tasks set for the Ninth Five-Year Plan period; raise our military's quality to a new level; and enter the 21st century with a brand new face.

#### **PRC: Exercises in Taiwan Strait Termed 'Complete Success'**

*OW2603030396 Beijing Central Television Program  
One Network in Mandarin 1100 GMT 25 Mar 96*

[Announcer-read report over video on triphibious military exercises conducted by the People's Liberation Army in the Taiwan Strait from 18 to 25 March]

[FBIS Summary] The mock triphibious military operations conducted by the People's Liberation Army [PLA] in the Taiwan Strait from 18 to 25 March were a complete success. The PLA showed its excellent military and political quality as well as the high morale of its servicemen, and demonstrated that the PLA is determined and entirely able to safeguard the reunification of the motherland as well as China's sovereignty and territorial integrity.

[Video opens with MiG and Su-27 fighters taking off, followed by four warships sailing astern of one another, many helicopters and jet fighters in the air, air strike, naval barrage, landing troops loading in amphibious ships, missiles being launched from ground, ground artillery firing, formation of landing ships moving onto the beach, and rockets and missiles being launched from ships] At the beginning of the exercises, powerful air strikes and a naval barrage launched by destroyers and frigates equipped with guided missiles on enemy positions created conditions for landing troops delivered by landing ships and merchant ships and escorted by minesweepers and submarine hunters.

The combined fire power from the air strikes, naval barrages, and missile attacks smashed the resistance offered by enemy troops. [Video shows amphibious tanks rolling on the beach followed by troops and tanks on shore, paratroopers descending, tanks rolling on hills accompanied by infantry advancing and backed by ground artillery and naval and helicopter barrage, missiles and rockets fired by helicopters and from ships]

at sea, and assault troops advancing under cover of helicopters]

Landing troops composed of infantry, amphibious tanks, artillery units, and militia on merchant ships landed on the beach one wave after another. Airborne units and special army units parachuted behind enemy lines. Having successfully completed the landing operations, the PLA's main attack force, under the cover of air and ground artillery, adopted mobile, flexible tactics to launch a fierce attack on enemy troops whose forward positions were engulfed in a sea of fire. While various arms used air strikes, fire barrage, electronic interference, and other means to crush enemy resistance, a PLA combined task force consisting of helicopters, tanks, artillery, and infantry encircled and annihilated enemy troops at the center of enemy lines.

Rear-service units participating in the exercises adopted various measures to provide the triphibious operations with effective technical and logistics support, while powerful ideological and political work enabled all units to maintain high morale from the beginning to the end of the exercises. [Video shows a Su-27 turning over in the air, four jet fighters flying in formation over treetops] The military exercises further examined the achievements scored by PLA units in carrying out training reform and conducting studies in the art of war; made the utmost use of a series of high technology equipment; and fully demonstrated PLA units' capability to wage war encompassing all military branches under modern high-tech conditions.

[Video shows close-up of Zhang Wannian watching exercises] Central Military Commission [CMC] Vice Chairman Zhang Wannian watched the military exercises and "conveyed CMC Chairman Jiang Zemin's kind regards to all officers and members of the Army, Navy, Air Force, and the Second Artillery Corps participating in the exercises." Earlier, Zhang Wannian watched naval and air force exercises conducted in the South and East China Seas.

At a meeting with leading PLA unit cadres participating in the exercises, Zhang Wannian pointed out: "PLA units must resolutely carry out China's basic policy — peaceful reunification and one country, two systems — as well as the eight-point statement on promoting the process of the motherland's peaceful reunification issued by President Jiang Zemin, and enhance their sense of responsibility as well as sense of having undertaken the mission to contribute more to fulfilling the great cause of peaceful reunification of the motherland."

[Video shows Zhang Wannian at meeting with military cadres, followed by footage of fighters, ships, missiles, tanks, troops, and three helicopters flying over a sur-

face submarine] Zhang Wannian stressed: "Though we stand for and have always dedicated ourselves to peaceful reunification, we will never commit ourselves to renouncing the use of force. If foreign forces intervene in China's reunification or Taiwan declares independence, we will take every means, including military means, to resolutely safeguard the reunification of the motherland as well as the sovereignty and territorial integrity of China." [wo men zhu zhang bing qie yi guan zhi li yu he ping tong yi dan jue bu cheng nuo fang qi shi yong wu li ru guo chu xian wai guo shi li gan she zhong guo tong yi he tai wan du li wo men jiang cai qu bao kuo jun shi shou duan zai nei de yi qie shou duan jian jue wei hu zu guo tong yi han wei guo jia zhu quan he ling tu wan zheng].

Zhang Wannian required all PLA units to further implement the principle on military strategy in the new period, vigorously improve ideological and political work, intensify the study of tactics and training reform, strive to enhance capability of actual combat under modern high-tech conditions, and be prepared to accomplish all the missions assigned by the party Central Committee and the CMC at all times in accordance with Comrade Deng Xiaoping's idea of army building in the new period and a series of important expositions on army building presented by CMC Chairman Jiang Zemin.

#### PRC: Spokesman Shen Guofang Discusses Military Drills

OW2203153296 Tokyo Asahi Television Network  
in Japanese 1318 GMT 22 Mar 96

[Interview with PRC Foreign Ministry Spokesman Shen Guofang by Hiroshi Kume; live, in Mandarin with passage-by-passage translation into Japanese, making the Mandarin unintelligible; translated from the Japanese; via satellite hookup; from "News Station" program]

[FBIS Translated Text] [Kume] Why does China press Taiwan like this? Tonight, we will ask the true propose of PRC military drills of PRC Foreign Ministry Spokesman Shen Guofang. Good evening Mr. Shen. I have heard this is the first time a Chinese foreign ministerial spokesman has joined a live foreign media program. Thank you for joining our program.

[Shen] You are welcome.

[Kume] I suppose you are aware of strong criticism from the United States and other countries regarding China's military exercises. Why does China believe there is merit in enforcing military drills that provoke such strong criticism from Western countries?

[Shen] As far as I am concerned, military exercises are routine. There is no such fact that we enforced



the exercises. The exercises have been conducted very smoothly. They are conducted in the eastern area only.

[Kume] What you are saying is that the drills and Taiwan's presidential election happened to take place on the same day?

[Kume] As I mentioned before, the current military drills are routine. When necessary, drills are conducted regularly. Therefore, I do not think that anyone has a right to criticize us.

[Kume] You say the exercise is normally scheduled. We have obtained several reports noting Taiwan people's support for President Li Teng-hui has drastically increased after the series of Chinese military exercises, although it is believed he personally favors Taiwan's independence. Are you aware of this?

[Shen] I do not think the outcome of the election is very important because Taiwan is a part of China no matter what the election result. Also, they cannot change the fact that the leader of Taiwan is just a regional leader.

[Kume] It may be true that Taiwan is a part of China's territories if we give consideration to Chinese history up to the Qing Dynasty era. We cannot ignore the long history over centuries. However, on the other hand, I do not think we can ignore what happened in the last several decades. What is your position on that point?

[Shen] The happenings in the last several decades also clarified Taiwan is a part of China. In 1971, the UN General Assembly adopted a resolution noting that Taiwan is an inseparable part of China and the PRC is China's only legal government. I believe all foreign governments and individuals should respect the UN decision. I hope the world will attach importance to the Chinese people's choice.

[Kume] Theoretically speaking from the viewpoint of China, there cannot be a leader who represents Taiwan because, needless to say, Taiwan is a part of China. Does that mean that China will not even talk to President Li, who is certain to win the presidential election?

[Shen] The Chinese Government has consistently been saying that there will be a peaceful unification and that there will be two systems in one country. Late last year, President Jiang Zemin issued an eight-point plan, in which China made concrete claims and proposals. The main spirit of these claims and proposals is to hold talks as soon as possible between the leaders of both sides of the strait on the precondition of one China. We still have not received a response to his proposal from the Taiwanese side. Therefore, we are paying close attention to see whether Taiwan's future leader, regardless of an

outcome of the election, will try to create two Chinas or give up Taiwan's independence.

[Kume] I heard that Foreign Minister Qian Qichen will come to Japan at the end of this month. To tell the truth, a public opinion poll shows that the Japanese people are rapidly becoming less friendly toward China probably due to the recent military exercises and the nuclear tests, which were held before the military exercises. I am sure Mr. Qian knows this. What is he planning to talk about when he comes to Japan?

[Shen] Well, they are ordinary military exercises. Therefore, we are not of the view that they will have a negative impact on the friendly relationship between China and Japan. Foreign Minister Qian Qichen will visit Japan to talk about things that are of interest to both countries. I am sure the trip will be successful. Moreover, it can be said that Japan and China are very important countries in Asia. Therefore, we want to maintain friendly ties with Japan and make contributions, with Japan, for peace and stability in Asia and also for peace and safety in the world.

[Kume] Certainly, Japan and China have to get along well with each other. If relations between Japan and China get worse, in addition to the Taiwan issue, troubles would emerge in various parts of Asia. In this sense, we would like to be on good terms with China (laughter).

[Shen] Yes, you are correct. We, too, hope that people of both China and Japan will get along with each other from generation to generation.

[Kume] Well, this must be the first time for you to appear on a live television program of the West. Thank you very much.

[Shen] I am very glad to grant a live interview. I am in a position to explain to the Japanese people the Chinese Government's position on various important issues. And I wish to have more opportunities of this kind.

#### **PRC: 'Part 1' of Series on Aspects, Impact of Exercises**

*HK2603093996 Hong Kong WEN WEI PO in Chinese  
26 Mar 96 p A2*

[Dispatch by staff reporter Chin Pan (6855 3961): "Three Revelations of Three Rounds of Military Exercises, Taiwan Independence Will Be Dealt With Anew at Any Time—Series on PLA Exercises and Cross-Strait Relations (Part One)"]

[PTS Translated Text for FBIS] Beijing, 25 Mar (WEN WEI PO)—The military exercises conducted recently by the People's Liberation Army [PLA] in the Taiwan

Strait are to end today. The three rounds of exercises, which began on 8 March, have lasted 16 days. The troops participating in the military exercises included various arms and services of the ground, naval, and air forces and the Second Artillery.

The length of the exercises, the large numbers of troops involved, the weaponry used, and the large areas covered are unprecedented since the founding of the PLA. The exercises have attracted extensive concern across the strait and in the world at large and also comments on the exercises and their impact on cross-strait relations.

This series of articles will explore cross-strait relations and the military, political, diplomatic, and economic aspects of the exercises and their impact. On the military aspect, this reporter interviewed many military experts and government officials and summarized the following three revelations:

First: The military exercises, which constitute a means to block and threaten Taiwan independence, may continue in the future.

What are the purposes of the military exercises conducted by the PLA in the Taiwan Strait? The authorities say that they are for increasing the combat-effectiveness of the troops and for safeguarding the unification of the state. Specifically speaking, they are aimed at Taiwan independence. It is common military knowledge that the exercises are preparations for actual combat. Figures from Beijing political circles told this reporter that when the means of persuasion and warnings against Taiwan independence prove unsuccessful, it will be necessary to resort to force. Facts have proven that the military exercises produced a great impact on Taiwan.

Let us cite a few examples: Taiwan carried out its "presidential" elections on 23 March as the PLA exercises were proceeding. The Democratic Progressive Party, which advocated Taiwan independence, received only 21 percent of the votes, a drastic drop compared with the 41 percent they received in the 1993 county and mayoral elections and the 33 percent in the public opinion poll on the elections held at the end of last year. The people in Taiwan have realized that Taiwan independence will bring very dangerous consequences.

When Beijing announced its missile-launching test on 5 March, Taiwan's stock market dropped 62 points. When informed of the PLA naval-air exercises to be conducted on 12 March, the stock market dropped sharply another 98 points. During the military exercises, there was panic purchase of gold, U.S. dollars, and food in Taiwan. Large numbers of people attempting to emigrate gathered at the airports. Such confused

phenomena have forced the Taiwan authorities led by Li Teng-hui to consider the consequences.

The PLA exercises manifested powerful military might and frightened the Taiwan authorities, which intentionally tried to belittle the exercises. Li Teng-hui said that the CPC was merely launching dummy missiles, Lien Chan said that the missiles would be extinguished on rainy days. Taiwan's "Defense Department" said that the PLA exercises were merely a display of firepower. The cowardly features of the Taiwan authorities were completely unmasked.

An authoritative figure emphasized that the PLA exercises have proved to be effective. If Li Teng-hui obstinately sticks to his attempt to split the motherland, further military exercises or other military action cannot be ruled out.

Second, the Taiwan Strait is not impenetrable. The Taiwan Strait is more than 100 km wide and the islands of Quemoy, Matsu, and Penghu are occupied by the Taiwan authorities. It would have been no easy task to cross the strait and land on Taiwan half a century ago. But we are now in the 1990's and the modern weaponry of the PLA has enormously narrowed the distance between the two sides of the strait.

A military expert said that the PLA's aircraft can reach any part of Taiwan within five minutes. Amphibious ships loaded with troops, tanks, and weapons can reach the eastern side of the strait within five hours and even short-range missiles can hit targets all over the island.

On the islands occupied by the Taiwan authorities, the military expert said: Speaking from a strategic angle, Penghu is more important than Quemoy or Matsu. Penghu, which is only 50 km from Taiwan, is garrisoned. Besides a military port, it is said that there are plans for establishing a missile-launching base. He emphasized that Penghu is a stronghold which is easy to attack but difficult to defend. The surface of the island, which covers an area of over 100 square km and which is 20 to 30 meters above sea level, is plain and not difficult of access. Penghu comprises over 60 small islands, which are connected by highways and bridges. When the transport network is sabotaged or attacked separately, Penghu's resistance will be weakened.

Although Taiwan covers an area of 36,000 square km, its topography is long and narrow, which is disadvantageous to defense. Most parts of the west coast close to the mainland are shallow shoals, which is convenient for landing. When the shield in the middle of the strait, particularly Penghu, is removed, Taiwan will be in greater danger. He also pointed out that Taiwan's east and west are separated by mountain ranges, which

lack transport facilities. If the narrow and long transport line from north to south is undermined, it will be easy to separate forces and crush them one by one.

For a long time, the military analyst said, the Taiwan authorities have degenerated into a pawn of the superpowers. Now the superpower of the Soviet Union has disintegrated. China avoided the strategic distribution of a two-sided or multi-sided offensive. [preceding two sentences as published] Viewed from the international situation as a whole, if the need arises now, there are fewer factors now than in the past to consider in the option of resorting to force to resolve the problem of Taiwan.

Third, China is capable of dealing with the intervention of foreign forces.

During the series of PLA military exercises, the aircraft carrier USS Independence sailed toward the Taiwan Strait, presenting a posture of interference. News also spread that another aircraft carrier, USS Nimitz, had left the Arabian Sea for the Taiwan Strait. Despite the reports, the Nimitz did not enter the strait. However, this does not mean that the United States will give up its policy of interfering in China's internal policies, the military expert emphatically pointed out. Had the U.S. warships forced their way into the Taiwan Strait, overbearingly showing their "marine hegemonistic" might and provoking the Chinese PLA, they would have had to risk the danger of receiving a head-on blow.

Beyond doubt, the military expert pointed out, the U.S. aircraft carriers are equipped with advanced weaponry. If operations are carried out in the Taiwan Strait and China's offshore waters, however, they cannot have any superiority.

Viewed from the radius of operation, the aircraft on board the carriers have a range of over 1,000 km, but the width of the Taiwan Strait is less than 200 km, making it difficult to make the most of their advantages. Conversely, there would be ample scope for all sorts of weapons used along China's coast.

We can see from the exercises that the tactics applied are offensives launched with intensive firepower, which is difficult for the opponent to guard against, he said.

Regarding the level of operation, the military expert emphatically pointed out, naval and air operations are different from ground offensives. If U.S. troops intended to launch a ground offensive against China, the United States would have to seriously consider the grave consequences arising therefrom.

Thus it can be seen that the United States would learn a more bitter lesson than it did in the Korean war and

Vietnam war if it were to use force to hinder China's reunification.

#### **PRC: PRC-Owned Paper Runs Photo Spread on Exercises**

HK2603094796

[PTS Report for FBIS] Hong Kong TA KUNG PAO in Chinese on 26 March 96 carries on page B1 eight color photos on the PLA military exercises off the coast of Fujian. Provided by both XINHUA and ZHONGGUO XINWEN SHE, the photos carry the following captions: "Between 18 and 25 March, Nanjing Theater successfully conducted land, sea, and air joint exercises in the Taiwan Strait. In the exercise area, this reporter witnessed majestic scenes of three-service joint sea-crossing, island-landing operations and offensive mountain operations under modern technology, especially high-tech, conditions, as well as infantrymen coordinating with tanks in launching fierce attacks on 'enemy' positions"; "Chinese land, sea, and air forces carry out coordinated landing war game under complex weather conditions in the East China Sea"; "Carrying amphibious tanks and armored cars, China's naval landing ships launch assault on 'enemy' beachhead positions"; "Naval submarine chasers pave way for units by demolishing 'enemy' underwater and beachhead obstructions"; "PLA Air Force provides air support to tank group exercises on the ground to train landing and deep operation competence"; "PLA artillery units launch rocket mortars during three-service joint exercises"; "Neat formation of PLA helicopter units taking part in training exercises"; and "Formation of China's Air Force fighters supporting ground units in landing operations."

Hong Kong WEN WEI PO in Chinese on 26 March also carries on page A5 11 color photos on the PLA military exercises under the headline "Third Round of PLA Joint Exercises." Eight of the photos are the same as those carried in TA KUNG PAO. Of the remaining, one, provided by XINHUA, carries the caption: "Helicopter gunships cover landing ships in transporting ground forces for landing operations," and the other two, provided by ASSOCIATED PRESS, carry the following captions: "XINHUA carried this photo last Friday showing PLA conducting military exercises along Chinese coast in mid-March," and "Chinese PLA conducting military exercises along Chinese coast in mid-March with the aim of warning Taiwan independence forces."



**PRC: Daily Analyzes U.S. 'Digitized Command' System**

*HK2603060196 Beijing JIEFANGJUN BAO  
in Chinese 12 Mar 96 p 6*

[Article from "Military Forum" column by Kang Hengzhen (0073 0077 4394): "Epoch-Making Revolution in Army Command—Digitized Technology and Operational Command"]

[PTS Translated Text for FBIS] The modern theory of combined operations of various arms and services has witnessed rapid development, turning traditional command methods into a "bottleneck" restricting warfare. Moreover, there has emerged an integrated and digitization-guided process of acquiring, transmitting, processing, and deciding on battlefield information as the times have demanded.

**1. Information-Based Command Mode Originated in Gulf War**

The U.S. forces' planes, cannons, tanks, armored vehicles, battleships, missiles, and other types of key weaponry involved in the world-renowned Gulf War totalled less than 10,000. However, different types of computers employed by the U.S. forces in the Gulf War numbered 40,000-50,000. Therefore, it can be said that the Gulf War set a precedent for auxiliary equipment to outnumber key equipment in an actual war. In the Gulf War, the U.S. forces' frontline central headquarters, namely, a computer-based regular command center supported by a series of vehicle-based, airborne, vessel-based, and mobile logistical command centers, kept direct communication with a U.S.-based global command and control center, thus forming a large information network linking the U.S.-based headquarters with the war zone.

The U.S. forces' three-dimensional reconnaissance network also acquired all types of information through electronic photography, radar reconnaissance, and telecommunications monitoring and interception. The information thus acquired was quickly processed by more than 100 large computers and over 1,000 computer stations. The U.S.-based headquarters and Riyadh frontline command center then worked out combat plans and transmitted combat decisions to the frontline units via a huge telecommunications network of satellites, wireless communication centers, central stations, and relay stations. The frontline unit commanders received orders issued by higher levels, obtained information provided by lower levels, and checked up on information in a U.S.-based database via their own portable computers connected to the huge telecommunications network. It can be said that it was

human wisdom and computer technology combined that systematically and outstandingly organized and commanded the popular Gulf War.

Though not an information war in an absolute sense, the Gulf War did serve to close the chapter on mechanized warfare and usher in the new era of information warfare, for information-based command systems played a big role in the war.

**2. Effect of Combat Laboratory**

Shortly after the flames of the Gulf War went out, the U.S. forces began in May 1992 building six laboratories, namely, early entry battle zone laboratory, combat command laboratory, motorized combat laboratory, infantry combat laboratory, all-round and in-depth combat laboratory, and combat support laboratory, in hopes of exploring new ways and means of winning an information war. In a small-scale exercise held by U.S. forces in Foxburg [fu ke si bao 4395 0344 2448 1027] in March 1993, digital technology and equipment demonstrated enormous combat potential. In February 1994, the U.S. Army held a symposium in Orlando attended by more than 600 generals, experts, and scholars, who later advanced a basic train of thought for building an information superhighway.

The so-called information superhighway refers to a comprehensive network linking all responsibility zones in a battlefield. The comprehensive network consists of a telecommunications network, computers, a database, and many client terminals; provides units with a large amount of instant and true-to-life combat information; transmits voice information, diagrams, written information, and figures; and provides true-to-life battlefield pictures supplied by a common battlefield database. As a result, commanders can immediately acquire and send information and direct troops through coordination at any time. On 10-23 April 1994, the Third Mechanized Infantry Brigade of the "1-70" Special Unit, a digitized unit under the 24th Mechanized Division of the U.S. Army, held a confrontation exercise with the 177th Independent Armored Brigade, a non-digitized U.S. Army unit. The digitized unit made full use of digital telecommunications in directing single soldiers, armored vehicles, tanks, self-propelled guns, command vehicles, reconnaissance helicopters, attack helicopters, tactical planes, and logistical support vehicles, and integrated information acquisition, transmission, and processing of various arms, services, and weapons systems in a true-to-life manner. The exercise fully attested to the digitized unit's comprehensive combat and rapid response capability and charted a clear-cut orientation for developing digitized units to the outside world for the first time.

### 3. Highly Transparent Battlefield

The rapid development of information technology is breeding an information war by offering completely new command methods and command modes to this end.

"War is not movement between a live force and a dead force. War is a conflict between two live forces." The conflict between two live forces refers to a fierce collision between two antagonistic subjective activities on the basis of objective materials and a live trial of wisdom. It is only natural that all commanders want to know about the situation in a battlefield. However, very often they find it hard to do so. The battlefield information superhighway built with digital technology will provide commanders with a true-to-life picture of the battlefield, supply a vertical chain of command with rich information resources, and guarantee sufficient space and time for those using the network to exchange information with fraternal forces stationed in other responsibility zones, such as units, detachments, individual soldiers, and motorized platoons. Under the same command system, individual soldiers, motorized platoons, and command organs can quickly locate their own positions, enemy unit positions, and friendly unit positions through a comprehensive information indicator, and also obtain information concerning ammunition, fuel, and logistical support. By sharing as much battlefield information as possible, commanders are basically able to dispel the "fog" over the battlefield.

### 4. Rapid Command Network

All commanders want their units to move at an amazing speed. How fast units can move depends on how long it takes for a commander to to an enemy action. [as published] On a battlefield information superhighway, all information received by sensors is transformed into digital codes; all digitized systems on command platforms are interconnected to ensure smooth communication between combat personnel and command platforms; and all types of information are processed in digital form. The information superhighway is thereby a three-dimensional, overlapping, crisscrossing computerized telecommunications network characterized by rich information resources, high-speed information transmission, effective interference resistance, a high rate of accuracy, and a low error rate. For instance, the accuracy rate of digital document transmission exceeds 98 percent no matter how many times a document is transmitted or received, whereas the accuracy rate of information transmitted through analog communications stands at only 22 percent. In addition, analog communication networks cannot handle a large quantity of information. On the battlefield information superhighway, informa-

tion transmission needs only a few information channels.

The command process is in nature an information transmission and exchange process that is volatile and changeable in terms of space and time, and this is a typical characteristic of high-tech local war. The battlefield information superhighway is a high-speed benign return cycle. Armed with digitized equipment, a unit or even a single soldier can while on the move directly send silent, photographed, written, true-to-life information to a command center. In the meantime, the commander can also rapidly and flexibly direct the units' movements using the network. This has greatly improved units' rapid response and combat coordination.

### 5. Flexible Coordination and Control Mechanism

To fight a high-tech local war, we should view the practice of concentrating superior forces from a new perspective. We should not simply repeat the past practice of concentrating superior forces, but should learn to concentrate high-precision, high-speed, and high-intensity antipersonnel forces. Moreover, we should stop repeating the past method of concentrating forces in predetermined combat zones and waiting for the enemy to show up. Instead, we should flexibly concentrate three-dimensional firepower in a much wider space. We would be unable to cope with battlefield changes were we merely to try to set up regular command centers. Only by setting up mobile command centers and flexibly coordinating and controlling high-speed, mobile firepower will it be possible for us to take the enemy by surprise. The aforementioned vehicle-based command centers, airborne command centers, vessel-based command centers, and mobile logistical command centers are the key forms of mobile command. For instance, a combat command vehicle equipped with digital technology is a work station composed of commanders and staff officers overseeing combat operations, information, and firepower support and is known for higher command and decisionmaking efficiency than a brigade or a battalion command center located in a vehicle and dependent upon wireless telecommunications. In a battlefield, scouts equipped with sensors transmit information on the enemy's activities to a mobile command center's comprehensive information indicator, whose orientation system will calculate and mark coordinates so that the commander can immediately assign attack targets via the information superhighway to artillery, attack helicopters, tanks, infantry vehicles, individual soldiers, and weapons platforms, thus integrating intelligence gathering, information transmission, information processing,

target orientation, target assignment, and target attack through a flexible and efficient command nerve network.

#### 6. Command Structure Formed by Humans and Computers

In a high-tech war, a three-dimensional reconnaissance network will transmit all sorts of complex information to command organs. Were such information not to be classified, rearranged, distinguished, deduced, summarized, selected, and synthesized at a high speed, commanders would be caught in an information catastrophe. As a consequence, rather than helping commanders make correct judgements, rich information resources would disrupt commanders' thinking and cause them to make incorrect decisions. However, computer-centered digital technology can effectively help classify and select information, provide commanders with information needed for decisionmaking within minutes or even seconds, and free commanders from huge amounts of information so that they can spend more time on creative thinking.

The use of computer-centered digital technology does not mean replacement or negation of the human brain. Rather, it gives more scope to the role of the human brain, subjects combat command to scientific analysis, and provides more time and space for development of the human brain-based art of command. This perfect integration of scientific decisionmaking and command art will undoubtedly push military command to a higher stage.

A military revolution is a leap from gradual evolution to qualitative evolution. It takes more than a decade or even several decades for new technologies and concepts to emerge, develop, mature, and complete a qualitative evolution. Though initially successful, the aforementioned digitization-led information revolution in the command domain is at an experimental stage. Development of the battlefield information superhighway will also be impeded by factors like financial input, technological bottlenecks, destruction resistance capability, tactical theory, weaponry, equipment, ideological concepts, and so on. Though it takes time to institutionalize digitized command, digitization forebodes a new command mode bred by the information revolution. It

is believed that a new command mode will soon appear on the historical stage. The crux of war might also shift from large-scale casualties caused by weapons and equipment to a deterrent based on information capability. The digitization-led information revolution in the command domain is at once a challenge and an opportunity to armed forces the world over. We will wait and see who will be able to acutely feel, understand, and grasp it.

#### PRC: Fujian Seized 2,346 Unlicensed Guns in Jan OW2603093196 *Fuzhou FUJIAN RIBAO in Chinese* 13 Mar 96 p 5

[Article by Yao Jian (1202 1696) and Cai Yiquan (5591 5030 0158): "Arouse the Masses To Expose and Report Offenses to the Authorities and Step Up Inspection and Crackdown — Fujian Achieves Major Successes in Carrying out the Special Task of Seizing Unlicensed Guns"]

[FBIS Translated Excerpt] Public security organs across Fujian Province conscientiously carried out a special task to seize unlicensed guns and crack down on gun-related crimes in accordance with plans drawn up by the Ministry of Public Security, the provincial party committee, and the provincial government from January to February. All areas formulated well-considered plans for actions to be taken in light of the local situation for public order; meticulously organized their implementation after they had been submitted to local party committees and governments and approved by them; and achieved major successes. A total of 2,346 guns of various types were seized, a total of 14 unlicensed gun-making factories banned, a total of 1,061 persons found in illegal possession of various types of guns, a total of 123 gun-related cases cracked, and a total of 312 criminals involved in guns punished across Fujian from 1 to 31 January. [passage omitted]

At present, public security organs in all areas are stepping up efforts to seize unlicensed guns and measures to crack down on gun-related criminal activities. They are further exploiting the victory to make contributions to Fujian's social stability.



**General**

**PRC: Li Lanqing on Introduction of Agent System**  
*HK2603023296 Beijing JINGJI RIBAO in Chinese*  
 13 Feb 96 pp 1, 3

[Article by Li Lanqing: "Deepen the Reform of the Circulation System, and Develop the Agent System for the Circulation of Materials and Goods"]

[PTS Translated Text for FBIS] Actively conducting experiments with the agent system for the circulation of materials and goods in line with the requirements for building a socialist market economic structure is of a great significance to establishing an industrial-commercial relationship of a new type; and to bringing about a sustained, rapid, and healthy development to the national economy.

**I. The practice of the agent system is a major move in our bid to establish and perfect a socialist market economic structure.**

At present, China is amid the transition from a traditional planned to a market economic system, and circulation is therefore playing a much greater role in boosting the national economic development than the role it used to play under the planned economic system in the past. One of the basic features of the socialist economic system is to give play to the basic role of the market in resource allocation under the state's macro control and regulation. Production enterprises are required to develop and turn out easily marketable products in light of market needs, and decide their production size according to sales; while circulation enterprises should study and analyze consumption demand, furnish production enterprises with the latest market information, and play well the role of a bridge between the market and production enterprises. From this we can see that the relationship between the industrial and commercial sectors under the socialist market economic system is closer, better coordinated, and more valued than it was during the period of the planned economy. In this sense, if we fail to handle well the issue of the circulation system, it will be very hard for us to establish and perfect the framework of a socialist market economic structure.

During the period when a planned economic system was practiced, China used planning to decide the level of production and sales, which meant that products had to be purchased and then distributed by circulation enterprises as planned. Alongside the rapid development of China's national economy and the expansion of its scale, great changes have taken place in both production and circulation; and such a system of planned production, planned purchase, and planned distribution grew increasingly unfit for the present situation, and proved

to be an obstacle blocking the further development of the economy. Ever since the target of building a socialist market economic structure was established the traditional production-marketing pattern in particular is unable to meet the needs of the new situation, and there is therefore an urgent need for reform. But how? The answer is to gradually introduce an agent system for the circulation of materials and goods, which is a major reform required by the establishment of a socialist market economic structure.

The agent system is a commonly practiced type of operation concerning the circulation of commodities, under which circulation enterprises acquire proxy, mainly through the form of contract, to sell goods produced by production enterprises or to purchase goods for customers. It is alongside the development of the market economy that the agent system has been gradually established and perfected. As early as the late 18th century, agent services were already common in cotton and grain deals in the United States and other countries. With the developments of the past century and more, the agent system has become more perfect in the 20th century, and is now a major mode of business operation used for commodity circulation. For example, the sale of automobiles in foreign countries is mainly conducted through agents. The General Motors Corporation of the United States alone has more than 18,000 sales agents. Steel products in such countries as the United States and Japan are all sold by large-scale circulation enterprises on a commission basis, except for major steel-consuming customers like automobile factories and shipyards to which steel will be directly sold or allocated according to a schedule. In Japan, the steel products sold on a commission basis by nine major trading companies in 1994 accounted for over 70 percent of the country's total steel output for the year. In Europe, the agent system is also a major means for organizing circulation, and the sale and purchase of products is generally conducted under the agent system. Thanks to the extensive use of the agent system in commodity circulation, the function and role of the system have been fully affirmed by a growing number of entrepreneurs and economists.

Practice has proved that giving full expression to the principle of a rational social division of labor, the agent system plays an important role in forming a long-term and stable relationship of production-marketing cooperation between industry and commerce, effecting a rational allocation of resources, organizing large-scale socialized circulation, enhancing the scale efficiency of production, and lowering the operational and marketing costs of production. The practice of an agent system for the circulation of materials and goods in China

represents a major reform in the circulation field, as well as an important measure for building a socialist market economic system.

**II. It is imperative to change concepts, seek unity of thinking, and enhance understanding.**

The practice of an agent system for the circulation of materials and goods is a new task for us, and we are currently faced with many new situations and problems in this aspect. Both production and circulation enterprises should first change their concepts, seek unity of thinking, and enhance their understanding in order to make a success of experiments with the agent system.

Over the past several years, the circulation network set up by production enterprises has grown in strength. Statistics show that the sales volume achieved through self-marketing by production enterprises in 1994 made up two-thirds of the country's total society-wide sales volume of means of production; and the first half of 1995 witnessed another increase of nearly 70 percent in the proportion of self-marketing carried out by production enterprises. It should be noticed that efforts made by production enterprises in promoting self-marketing and in breaking the monopoly of state-owned materials enterprises formed under the traditional planned economic system is a reflection of the transition from a planned to a socialist market economic system in the materials circulation field. However, it is not favorable either to production enterprises or to the development of the entire national economy if we allow production enterprises to develop and spread the practice of self-marketing for a long period. This is because on the one hand, production enterprises have to release part of their labor force and material resources and have to invest huge amounts of money to set up sales organs and facilities; and this will not only add to the production and operational costs of these enterprises, but also lead to a situation wherein, since it is impossible for production enterprises to face directly all their prospective customers, large numbers of customers are having difficulty in locating supplies of goods, while production enterprises are plagued by production divorced from satisfaction of the needs of their customers. Meanwhile, this practice will also cause many difficulties in the collection and settlement of payment, and failure to receive payment will lead to delinquency. On the other hand, the state has over the years invested in building many facilities for circulation enterprises; and letting these facilities lie idle will cause a huge waste of social resources. Some production enterprises believe that the practice of the agent system favors only the interests of circulation enterprises, while others even consider the introduction of the agent system as a move to return to the old road of monopolistic operation of the planned econ-

omy. This is a misunderstanding. The agency relationship we are to establish now is a long-term and stable cooperative relationship based on the voluntary participation of both production and circulation enterprises. Since circulation enterprises are aimed at serving production enterprises and customers, it goes without saying that the more products they sell, the bigger profits they can earn. Yet we should also notice, more importantly, that production enterprises are also able to attain better economic efficiency if they succeed in enhancing their production-marketing rate and in expanding their production. By turning production and circulation enterprises into common-interest bodies through the agent system, we can resolve well the long-existing contradiction between the industrial and commercial sectors that "production enterprises will practice self-marketing when products are easily marketable, and circulation enterprises will try to dodge when products sell sluggishly," and gradually give form to a rational social division of labor characterized by a close integration between production, supply, and marketing which suits the needs of large-scale socialized production. This is a relationship of a new type between production and circulation enterprises which differs totally from that during the period when the traditional planned economy was practiced.

For circulation enterprises, a task of prime importance is to overcome the monopoly mentality, cast away the style of "official commerce," and firmly establish the concept of serving production enterprises and customers. Over a long period of time in the past, under the country's traditional planned economic system and due to the tight supply of resources in the process of economic development, state-owned materials circulation enterprises were given the role by the state of distributing and allocating means of production; and such a practice led to business monopoly. Ever since the country adopted the policy of reform and opening up, control over the market in means of production has been lifted gradually, enterprises of various kinds of ownership involved in the circulation of materials and goods have taken part in market competition, and the monopoly of state-owned circulation enterprises has been smashed as a result. Facing acute market competition, some of the state circulation enterprises have rapidly changed their operating mechanism, and cast away the style of "official commerce." On the one hand, they make active efforts to help production enterprises explore new markets, and on the other hand, they vigorously assist customers in locating supplies of goods of attractive price and quality. However, a large number of materials circulation enterprises still remain reluctant to part with the special position they used to enjoy under the planned economic system. With a very weak awareness of the need for participating in market



competition on an equal footing, these enterprises are either adopting a wait-and-see approach or making endless complaints; and as a result, many have found themselves in a tight corner amid market competition. Efforts by circulation enterprises to change their concepts should include the following: 1) They should develop an awareness concerning equal competition, particularly competition in the service field. State circulation enterprises should play the role of a main channel in market competition, but the position of being a main channel is not granted by anybody, but established on the basis of the trust and confidence of production enterprises and their customers, which they will have to win through good business reputations and through their own high-quality, high-efficiency, and low-cost services. 2) They should be clearly aware of the importance of bearing hardships. They should fear no hard work; and with a sound attitude of service, should call on any prospective customer and assist the production enterprises for whom they act as agents to promote the sales of products and explore new markets. This is particularly important when production enterprises to whom they are commissioned are faced with difficulty in marketing their products. Materials circulation enterprises should make an active effort to propagate the superiorities of the agent system and, more importantly, use their own market-exploring ability and reputation to convince the production enterprises and customers by whom they are commissioned of the superiorities of the agent system. Only by so doing can they expand the scale of their agency business. Under the conditions of a socialist market economic system, circulation enterprises should give consideration to and be eager to meet the needs of production enterprises and customers, engage in business accounting and analysis together with production enterprises, and make active efforts to expand their agency business. 3) They should develop an awareness of "providing a complete package of agency services." Take automobile agencies for example. Their service can be all-inclusive, from the purchase of automobiles to registering licenses, paying various fees and charges, acting as an insurance broker, supplying components and parts, providing maintenance services, and even re-collecting abandoned and used cars. What is more, service charges should be transparent and reasonable, and easily supervised. 4) They should have an awareness concerning the exploration of new markets. For example, they can expand the market by engaging in legitimate leasing business. Service has no limit, and there is a great deal for materials circulation enterprises to do. Today, one major fear of production enterprises is the possibility of returning to the same old road, whereby materials departments would use administrative means to monopolize business under the pretext of introducing the agent

system. Therefore, we must strive to provide sound services, and dispel the misgivings of production enterprises through agency agreements signed on the basis of mutual choice.

In short, developing the agent system in China is not aimed at resolving the problems of one particular department or enterprise, but is a task which has a great bearing on the entire process of production and circulation and which aims to bring about a sustained, rapid, and healthy national economic development. Efforts to practice the agent system in a sound way will give impetus to rationalizing industry-commerce relations, rectifying the circulation order, lowering circulation costs, optimizing the allocation of resources, giving form to a unified and open market characterized by orderly competition, and enhancing both the level of intensive management and the efficiency of the entire economy.

### **III. It is important to seize favorable opportunities to promote the development of the agent system.**

The practice of an agent system for the circulation of materials and goods is a deep-going reform, which entails a fairly sound macro environment as well as efforts to seize favorable opportunities. With the deepening of reform over the past several years, China's national economy has gradually entered the track of a sustained, rapid, and healthy development, enjoying a fairly sound macroeconomic environment. It should be said that with conditions growing more mature, the present period represents a favorable opportunity for introducing the agent system. First of all, the "Decision of the CPC Central Committee on Several Issues Concerning the Building of a Socialist Market Economic System" and the "Proposal of the CPC Central Committee for Formulation of the Ninth Five-Year Plan for National Economic and Social Development and Long-Term Target for the Year 2010," which were adopted at the Fifth Plenum of the 14th CPC Central Committee, have both clearly defined the framework and target of a socialist market economic system; while enterprise reform aiming at building up a modern enterprise system has been unfolded in a comprehensive way. In particular, the "Proposal" calls for efforts to transform the economy from the traditional planned to a socialist market economic system, and the economic growth pattern from an extensive to an intensive type. This requires enterprises to lay special stress on their economic efficiency, and the agent system is exactly one of the major means for lowering the operational and marketing expenses and enhancing the efficiency of enterprises. Second, the supply of some industrial products still exceeds demand at the present moment, and the trend of a buyers' market is expected to remain unchanged for certain means of production during the Ninth Five-Year



Plan period. Third, giving an impetus to the enterprise reform, the agent system will help enhance the organizational level of enterprises, introduce scientific methods of settlement, reduce the amount of debts between enterprises, and bring about a steady upturn in the economy. Fourth, many production and circulation enterprises are in favor of the agent system and have taken a positive approach toward its implementation. A large number of enterprises, especially some large-scale steel works and automobile factories, have done a great deal of work and have attained good results in establishing an agency relationship with circulation enterprises, thus accumulating necessary experience for the experiment with the agent system.

All the above-mentioned are favorable conditions for the introduction of an agent system for the circulation of materials and goods, and also represent a rare opportunity. All localities, relevant departments, and enterprises should seize the current favorable opportunity, strive for success in experimenting with the agent system in the two industries of steel and automobiles, and acquire necessary experience for further promoting the development of the agent system.

**IV. Efforts should be made to clearly define the principles to be observed by the agent system, so as to attain a healthy development in building the agent system.**

As a major content of our current drive to deepen the reform of the circulation system and to build up a socialist economic system, the practicing of an agent system for the circulation of materials and goods is a complicated systems project which deals with a wide range of issues, including production, circulation, and finance. To successfully carry out the work, we need to take an active yet steady approach, work in a down-to-earth manner, and refrain from rushing headlong into mass action. At present, we should pay special attention to the implementation of the following several principles:

1. The principle of two-way choice and mutual voluntary participation should be upheld. The agent system needs to be built on the basis of mutual needs and mutual understanding. To do this, we should allow production and circulation enterprises to make a two-way choice; and never try to be a "matchmaker" who forces a match between the two, still less engage ourselves in the practice of monopoly. The two parties making the choice are required to have legal business qualifications; and materials circulation enterprises are not allowed to promote, as an agent, the sales of illegally assembled automobiles or illegally produced steel products.

2. The agent system does not exclude other forms of marketing operations. Judging by the practice in foreign countries, marketing operations mainly take the following three forms: The first is the agent system. This trading form is known for its ability to maintain a close and stable production-marketing relationship; for its strong post-sale services involving sophisticated technology and the maintenance of products, as well as the supply of components and parts; and for its bulk sale of commodities in large amounts. Another is general trade, a trading form currently adopted by most enterprises in China for their buying-selling transactions. The third is direct selling by factories, which refers to the practice by which production enterprises sell their products directly to the ultimate consumers without going through circulation links. This trading form is generally applicable to the special-purpose products of large-scale manufacturing. Suiting the needs of different enterprises and products, each of these three trading forms enjoys its own advantages, and they depend on each other for their existence rather than being mutually exclusive. By advocating the agent system, we do not mean to totally negate other forms of marketing operations or to substitute the agent system for other forms totally. During the process of promoting the agent system, we should allow enterprises to retain their well-established stable supply-marketing relations, and let them make continued efforts to study and introduce other new forms of marketing.

3. Efforts should be made to form common interest bodies in line with the principle of sharing risks and interests together. To promote the agent system, the key issue is to build up a long-term and stable production-marketing relationship; rationally define the rights, responsibilities, and obligations of both industrial and commercial enterprises; and give form to common interest bodies which are based on mutual benefit. Production and circulation enterprises must share interests, and risks too; and see to it that both sides, not only one side, can enjoy the benefit. Only by supporting each other and being mutually beneficial can the two enjoy long-term cooperative ties and seek common development.

4. A standardized operating mechanism should be established on a contractual basis. The agent system itself is a form of enterprise behavior, and agency operations should be based on a strict implementation of economic contracts. Once signed, agency agreements should be fulfilled strictly. The socialist market economic system can be said, in a sense, to be a legal economy; and establishing a sound awareness concerning both contract fulfillment and the legal system is in keeping with the target of building a socialist market economy.

5. Materials agency enterprises should be gradually developed into an agency network, by which means we can closely link supply with demand, expand business promotion, provide customers with more convenience, and bring about better efficiency to operations of scale. It also means introducing certain mechanisms of chain operations into materials circulation enterprises.

6. The agent system should first be carried out on a trial basis before being put into effect. Promoting the agent system is, after all, a new undertaking in our country; and we still lack experience in this aspect. Instead of rushing headlong into mass action, we should gradually develop the system in a selective way according to the conditions of different enterprises and the special features of different commodities. That is why we are now conducting experiments in the two industries of steel and automobiles, and will gradually increase the number of both experimental items and pilot enterprises after acquiring the necessary experience.

**V. Relevant government departments should actively give play to their role in coordinating, guiding, and promoting the work.**

Practicing the agent system represents a major reform of the circulation system, and also an important measure for the establishment of a socialist market economic system. To ensure the healthy progress of experiments with the agent system, relevant government departments should perform their duties conscientiously, and offer positive support for the healthy development of the agent system. During the process of experimenting with the agent system, the main responsibility of the government is to provide policy guidance, offer support, and give impetus to the work. To put it in concrete terms, close attention should be paid to the following issues: 1) Vigorous efforts should be made to advocate and promote the practice of the agent system. We should do a good job in the theoretical study of the agent system, giving wide publicity to the work. Meanwhile, we should also play close attention to the experimental work, promptly sum up experience gained from the experiments, and spread good experience and practices through such forms as discussions and exchange meetings held at regular intervals. 2) It is imperative to formulate and perfect laws and regulations regarding the agent system. Relevant departments under the State Council are responsible for drawing up measures and relevant regulations aimed at promoting the development of the agent system. 3) Necessary support should be extended to pilot enterprises in terms of bank credit, settlement, and tax collection and management. Besides the State Council departments concerned, governments of localities where the experiments are conducted should also offer vigorous support for the work. The practic-

ing of an agent system for the circulation of materials and goods is a new undertaking involving a wide range of issues and is therefore extremely difficult. The success of the agent system will entail a great deal of hard work, close coordination from all sides, and joint efforts by both higher authorities and lower levels.

**PRC: Official: 'First' Tourism Law in Preparation**  
*OW2603050196 Beijing XINHUA in English*  
*0230 GMT 26 Mar 96*

[FBIS Transcribed Text] Beijing, March 26 (XINHUA) — China is working on more tourism laws in a move to help the fast-growing tourism industry reach an ambitious goal in 15 years, tourism authorities said today.

China's first Tourism Law and several rules and regulations dealing with travel agencies, hotel management, tourist complaints, and tourist guides are being worked out, according to Feng Zongsu, director of the Policy and Law Department of the China National Tourism Administration.

Tourism has been one of the fastest-growing sectors in China's economy in recent years. According to the Madrid-based World Tourism Organization, China ranked fifth in the world in overseas tourist arrivals in 1995, and ninth in foreign exchange earnings from that.

However, the income from tourism accounts for only 3.5 percent of China's GDP, as compared with 10 percent in developed countries.

In order to narrow that gap, the Chinese Government has set the goal of becoming the major tourist country in Asia by the year 2000, and one of the strongest in the world in 2010.

"Legislation will give the industry a sharp edge," Feng said. In explaining the Tourism Law, he told XINHUA in an exclusive interview that the law essentially defines government guidelines and policies on tourism and the industry's place in the national economy and social development.

Also important is providing a legal basis for government coordination.

"Coordination is very important because, as a multifaceted industry, tourism has connections with other sectors such as transportation and relics protection," Feng explained.

"Coordination is perhaps more important in China since it has to shake loose of the fetters of decades of a rigidly planned economy and jump free of the restrictive traditional distribution of labor," Feng went on.

The Tourism Law also explicitly states the necessary qualifications, responsibilities, and rights of people running businesses, with emphasis being placed on regulation by law instead of simply by administrative means.

The law provides protection for tourists and states their responsibilities, such as environmental protection and proper behavior.

"The draft of the law has been changed several times in the past few years in order to keep up with the fast market changes," the director said.

The drafters have also studied tourism laws in other countries to gain valuable experience, he said.

Another important task is revising the Provisional Regulations Regarding Management of Travel Agencies which took effect in 1985. By the end of 1995, China had 4,926 travel agencies across the country.

Under the new regulations which are expected to be issued soon, travel agencies will be divided into two categories: those involved in international tourism and those in domestic tourism; instead of the present three.

The new document gives the go-ahead to international travel agencies for overseas advertising. Under the old rules, only Category One agencies could do so.

The travel agencies are also allowed, for the first time, to set up branches of their own. Although they have greater autonomy, they still have to show that they have a certain amount of operating capital and are subject to more legal responsibilities.

"The new regulations are conducive to market expansion and merging of travel agencies, and to helping improve service and to sharpening their competitive edge," Liu Jiaxiang, general manager of China International Travel Service, China's largest, said.

The legislation also includes a revision of the Provisional Regulations on the Management of Tourist Guides.

The changes are intended to improve controls on guides, a growing number of whom have become professionals in order to meet the changing demands of the seasonal tourist market.

Still to be worked out are Regulations Regarding Tourist Complaints, a provision of the Tourism Law.

Still in the works are the Regulations on Hotels and Tourist Accommodations. China has said it will bring the number of hotels up to around 4,000, with a total of 650,000 rooms, by the year 2000, Feng said.

### PRC: Labor Ministry Aims To Increase Employment Prospects

HK2603091496 Beijing CHINA DAILY in English  
26 Mar 96 p 4

[CHINA DAILY Staff reporter Wang Hui analyzes China's employment situation, its problems and prospects. The following is the first of her five-part series: — "Nation's Policies Should Enhance Job Prospect"]

[PTS Transcribed Text for FBIS] The Ministry of Labour is making efforts to increase job prospects and overcome the supply of excess labour in the Ninth Five-Year Plan (1996-2000).

According to the State Statistics Bureau, 7.2 million people in towns and cities found new jobs last year, and 1.4 million jobless and laid-off people were re-employed, keeping the unemployment rate to 2.9 per cent. The number of registered jobless is 5.2 million.

Nonetheless, unemployment and underemployment will be more noticeable in the next few years because labour supply exceeds demand.

The Labour Ministry has been calling for two fundamental changes in popular attitudes towards job-hunting.

First, the notion that the State is responsible for providing jobs should be changed. Labourers should be encouraged to find work on their own with guidance from the State.

Second, the system that makes large- and medium-size State enterprises the main user of labourers should be changed and other sectors shall be encouraged to employ more workers as their production expands.

Based on these two principles the Ministry of Labour has formulated several measures to brighten the country's employment prospects.

Promoting employment should be guided by national policy. Unemployment needs to be one of the important indicators of the development of the national economy.

Governments at all levels must put the promotion of employment on top of their working agenda.

Other departments should also shoulder commensurate responsibilities. For example, planning departments need to consider potential job creation when mapping economic and social development plans and construction projects. Financial departments need to budget monetary support for job creation. Tax departments need to consider favourable policies for enterprises that employ special groups such as the disabled.



As the increased number of employees in State-owned enterprises shrinks, new job growth should take place in non-State firms.

To increase job prospects, the State encourages enterprises, government institutions and individual labourers to invest in collectively-owned or co-operative enterprises, by way of funds, technology or labour.

Efforts need to be made to boost the service trade, labour-intensive industries and infrastructure construction. The State should provide these firms with favourable policies and funding.

Small enterprises play an important role in absorbing labourers. Attention needs to be paid to cultivating more directors of small firms so they can help others get jobs.

Labour and education departments should co-operate more closely so education can be improved to meet the real needs of society. Professional training and vocational education should be further enhanced.

Re-employment projects, designed to help low-income and redundant employees in State firms find new jobs, should be further expanded. In five years, the project should cover 8 million people, to limit the proportion of the long-term jobless to one-third of the total unemployed.

It is also important to give full play to unemployment relief which was adopted in 1986 to guarantee the basic living standards of the unemployed and promote re-employment.

Labour departments need to see to it that the unemployment insurance premium is rationally allocated.

China hopes to set up an unemployment relief system covering all employees in cities and towns funded by the State, enterprises and individuals.

Efforts are needed to guide the majority of the surplus rural labourers to local non-agricultural sectors and put the migration of workers into order.

Monitoring of the unemployment rate should be enhanced and the supply of labour in cities and towns must be brought under control.

Governments at all levels should spare no effort in implementing the Labour Law, which went into effect at the beginning of 1995.

An improved labour market system with large-scale planning and standardized management is expected to take shape soon.

#### PRC: Oil Consumption for Year 2000 Forecast

OW2203175096 Beijing ZHONGGUO XINWEN SHE  
in English 0343 GMT 22 Mar 96

[FBIS Transcribed Text] Beijing, March 22 (CNS) — China's oil consumption is expected to reach 180 million tonnes by the year of 2000 while oil exports will amount to at least 28 million tonnes, according to an official prediction.

According to sources close to China Petroleum and Natural Gas Corporation, the mainland has estimated reserves of 69.4 billion tonnes of petroleum and 300,000 cubic meters of natural gas.

However, proven onshore petroleum deposits so far have account for only about 20 percent of the total estimated. Experts say that great potential existed in the search for new mainland deposits.

The authority concerned has revealed that the country would need to attract US\$ two billion in foreign capital and technical know-how to speed up petroleum prospecting over the next five years.

During the current ninth five-year plan (1996-2000), the Middle East, Russia and Central Asia would become the regions targeted by China in its effort to carve out a share of the international petroleum prospecting market. China plans to produce five to ten million tonnes of oil abroad annually by the year 2000.

#### PRC: Target Set for Gold Production for 2000

OW2203180196 Beijing XINHUA in English  
1255 GMT 22 Mar 96

[FBIS Transcribed Text] Beijing, March 22 (XINHUA) — The annual gold output in China is expected to reach 150 tons by the end of this century, a national gold conference was told in Beijing today.

During China's Ninth Five-Year Plan period (1996-2000), the central government will continue the unified management of gold production and purchasing in the country. Gold ore will be explored, and mined in a planned way, said government officials.

The state will earmark 400 million yuan for prospecting gold resources in each of the next five years.

Gold mines with staple output have been formed in the nation's eastern, central and western parts.

**PRC: Increase Reported in Personal Computer Sales**

OW2603082996 Beijing XINHUA in English  
0751 GMT 26 Mar 96

[FBIS Transcribed Text] Beijing, March 26 (XINHUA) — China will be the largest market worldwide for personal computers in the next three years, "BUSINESS NEWS" reported today.

Computer sales in China are expected to grow at an annual rate of 45 percent in that time, and it is predicted that, by 1998, the country's sales of computers will account for 3.6 percent of the world's total.

The growth rate of computer sales worldwide is expected to reach 17 percent and the Asia-Pacific region, especially China, will have the largest number of consumers.

Recent statistics show that sales of personal computers for home use have grown at a phenomenal rate in China, with demand showing a 200 percent increase for the past two years. In 1995, around 1.8 million computers were sold.

Experts point out that surge in computer enthusiasm is driven by both rapidly developing applications of computers in personal life, and by a desire by parents to invest in their children's education for the future.

**Finance & Banking**

**PRC: State Development Bank Gets High Overseas Ratings**

OW2603111996 Beijing XINHUA in English  
1041 GMT 26 Mar 96

[FBIS Transcribed Text] Beijing, March 26 (XINHUA) — The State Development Bank of China has recently received high ratings for long-term credit from three leading rating institutions.

The Moody's Company, the Standard and Poor Company, both of the United States, and Nippon Investors Services of Japan have awarded the bank A3, BBB and AA- in long-term credit ratings.

The three ratings are all equal to sovereignty credit ratings.

The ratings reflect that the bank has played an important part in implementing state policies and promoting economic growth, said sources at Moody's.

Experts from the Standard and Poor Company pointed out that the ratings indicate that the Chinese Government has made efforts to commercialize state banks and has firmly supported and efficiently managed the de-

velopment bank, which has given priority to key state projects.

The high ratings have created good conditions for the bank to raise funds at low cost on the international capital market.

At the end of February this year the bank issued 30 billion yen in samurai bonds on the Japanese bourse to finance power plants in south and north China.

**PRC: Savings, Foreign Reserve Rates in Beijing Detailed**

OW2503141096 Beijing ZHONGGUO XINWEN SHE  
in English 0445 GMT 25 Mar 96

[FBIS Transcribed Text] Beijing, March 25 (CNS) — In 1990, deposits held by banks in Beijing amounted to RMB [renminbi] 22.7 billion (about US\$2.73 billion). By the end of 1995, this figure had risen to RMB 125.4 billion (about US\$15.07 billion) or, considering that they are 3 million families in the capital, RMB 40,000 (about US\$4808) per family.

Foreign currency deposits have also escalated from hundreds of millions of US dollars in 1990 to US\$3.47 billion at the end of 1995, or US\$300 in savings per person.

Treasury bonds have recently seen a rise in popularity. In 1994, the value of bonds in circulation in Beijing was RMB 9 billion (about US\$1.08 billion). Last year, this rose to RMB 11.55 billion (about US\$1.39 billion).

Five years ago, being a stockholder was a rarity. Now over 300,000 Beijingers are shareholders with many people ploughing several tens of thousand yuan into stock market which had a turnover of RMB 4.7 billion last year.

The people of Beijing are decidedly more affluent than what they were a few years ago. This is also reflected in their spending habits which often include home decoration and travel both at home and abroad.

**PRC: People's Construction Bank Funds 'Key' Projects**

OW2203175196 Beijing ZHONGGUO XINWEN SHE  
in English 0357 GMT 22 Mar 96

[FBIS Transcribed Text] Beijing, March 22 (CNS) — The People's Construction Bank of China will this year fund major energy, transport and raw/processed materials projects.

By early this month the bank had endorsed funding of RMB [Renminbi] 8.95 billion (HK\$ 8.306 billion) for these medium and large size state projects.

The bank is providing the loans on an assets to liability ratio basis. State financial policy will be compiled with while, at the same time, key projects will be funded with sufficient capital within the limits of their asset-liability ratios. Loan recipients will mainly those involved in key medium and large size state projects.

Prior to the announcement of state construction plans for this year, the bank lent RMB 1.5 billion (HK\$ 1.392 billion) to meet the needs of key state projects, all of which are ongoing.

Actual capital input into key projects is invariably 20 percentage points higher than for other projects.

During the last five-year plan (1991-1995), the bank lent RMB 120 billion (HK\$ 111.36 billion) to fund key state projects including the third phase of the Baoshan Iron & Steel Works and the Liaohe Oil Field.

#### **PRC: State, Commercial Banks Said To Gain More Autonomy**

*OW2503140596 Beijing ZHONGGUO XINWEN SHE in English 0426 GMT 25 Mar 96*

[FBIS Transcribed Text] Beijing, March 25 (CNS) — China's state owned commercial banks will enjoy greater autonomy this year.

Sources from the State Planning Commission say that the central government will gradually change the practice whereby commercial banks have to follow governmental instructions and provide capital to state owned enterprises.

Government interference in bank lending will be reduced as will requirements that loans be made for state investment projects. Commercial banks will be left to make their own decisions on lending.

However, as for controlling the scope of loans, the government will closely monitor asset-liability ratios of commercial banks rather than set mandatory restrictions on the size of loans granted by these commercial banks.

Limits for floating rate for commercial bank loans, which have already been granted, will be gradually left. Interest rates for new loans will be decided by commercial banks in accordance with their assessment of the risk.

Introduction of these measures will mean that commercial banks will have to be more prudent in their lending whilst ensuring that lenders make better use of their capital. The situation relating to bad debts will have to be improved and reform of the commercial banking system will be carried out gradually. Capital management as well as risk control would need strengthening.

#### **PRC: Bank To Offer Mortgages for 'Genuine Home Owners'**

*OW2503152296 Beijing ZHONGGUO XINWEN SHE in English 0515 GMT 25 Mar 96*

[FBIS Transcribed Text] Beijing, March 25 (CNS) — The Industrial and Commercial Bank of China's Five-Year Plan for 1996 to 2000 will see mortgage availability for genuine home owners as possible.

A home purchaser will be able to obtain a mortgage loan of up to 70 percent repayable over a maximum term of 10 years provided there is guaranteed security.

Since the Bank began offering mortgage loans in 1991, it has lent RMB [renminbi] 40 billion. It has completed the initial preparations for underwriting a loan of the World Bank for the housing and social system reform project. The more attractive terms of the new scheme is sure to see a rise in the number of new home owners.

#### **Foreign Trade & Investment**

##### **PRC: Daimler-Benz Railway Subsidiary Begins Operations**

*OW2503135696 Beijing XINHUA in English 1307 GMT 25 Mar 96*

[FBIS Transcribed Text] Beijing, March 25 (XINHUA) — Adtranz (ABB Daimler-Benz Transportation GmbH), one of the world's major providers of railway systems, announced the inauguration of its local subsidiary, Adtranz China Ltd, here recently.

The group's business in China has seen the fastest growth rate among its worldwide total in recent years. The subsidiary's inauguration is considered as a move to strengthen the group's presence in the world's biggest market for railway equipment, Kaare Vagner, the group's president, said.

The past five years have seen the fastest-ever period of expansion of China's railway network, with 11,800 km of tracks laid. The brisk growth of China's railways is expected to continue to the end of this century, local observers said.

However, despite this rapid growth, railway transportation still remains a "bottleneck" for the country's economy. This is also why the overseas railway equipment producers are keen to get a foothold in China.

It is learnt that the country will build some 8,100 km of new railway lines in the 1996-2000 period, which will boost the nation's total railway length to 68,000 km, of which 2,000 km will be electrified.



Thus the country needs a large amount of railway equipment, including high-speed trains, and computerized signal and traffic control systems.

What is urgently needed is the rolling stock manufacturing technology that Adtranz can provide, Vagner said, and the group is pursuing a long-term engagement in China.

The group is currently evaluating eight possible joint ventures in China. Just two weeks ago, the group's first joint venture with Chinese partners was set up in Shenyang, the capital of northeast China's Liaoning Province.

The group will soon sign agreements for its second venture in China with the Changchun Railway Car Works, in the capital of northeast China's Jilin Province.

It has delivered 96 carriages for the Shanghai subway system, and will deliver 120 for the Guangzhou subway project early next year.

The group's ventures' local content will reach 50 percent by the turn of the century.

#### **PRC: Germany's Bayer Opens Manufacturing Subsidiary**

*OW2503152196 Beijing ZHONGGUO XINWEN SHE in English 0543 GMT 25 Mar 96*

[FBIS Transcribed Text] Beijing, March 25 (CNS) — Bayer AG Co. Ltd., the German-based industrial chemical and pharmaceutical giant with a DM 450 million investment in China, today opened a new subsidiary for the manufacture of medicines and equipment for treating cardio-vascular and diabetic diseases in Beijing's economic and technological development zone.

In addition, the company will donate 100,000 ECU and US\$60,000 respectively to two local tertiary institutions to facilitate further research programmes.

Founded in 1863, Bayer operates a number of joint ventures in Wuxi (production of film rolls), Shanghai (paint production) and Qingdao. In the next few years, the company has also plans to open more joint ventures in Hebei, Sichuan and Shandong.

#### **PRC: Bayer Group Venture To Expand Research, Development**

*OW2603050496 Beijing XINHUA in English 0249 GMT 26 Mar 96*

[FBIS Transcribed Text] Beijing, March 26 (XINHUA) — The German pharmaceutical group, Bayer, had a ground-breaking ceremony for its new joint venture Bayer Healthcare Co. Ltd. here Monday [26 March].

The diverse German multinational employs more than 140,000 people worldwide. It has put DM 450 million into joint ventures in China.

The new company will be put into operation in the fourth quarter of 1997. Annual sales are expected to reach DM 110 million by the year 2000.

Bayer Chairman Manfred Schneider said that the group will put greater emphasis on market expansion in Asia and try to double annual sales in China from the present DM 722 million to DM 1.5 billion within the next 10 years.

As part of its plan to expand research and development in China, Bayer also signed two financial assistance agreements with two Chinese universities in chemical technology and business administration.

#### **PRC: German Chemical Industrial Group Increases Investment**

*OW2503150796 Beijing ZHONGGUO XINWEN SHE in English 0515 GMT 25 Mar 96*

[FBIS Transcribed Text] Beijing, March 25 (CNS) — Henkel KGAA of Germany, a world leader in oil and chemicals has promised to increase its investment in China. The group will provide China with assistance in the construction of export and infrastructure facilities as well as in the area of human resources.

Presently, Henkel operates 11 joint ventures in China. A senior executive from the group said that it regarded China as one of the major countries for its business in Asia. It is looking for opportunities to establish more joint ventures in China.

Some 150 Henkel managers from 13 Asian and Pacific countries attended a meeting in Beijing where they discussed corporate developments plans for Asia and the Pacific. As one of the largest foreign employers in China, the group's 11 joint venture with a gross investment of US\$250 million employ 3,500 workers.

Henkel has an eye on long term business development in China. It aims to enter into partnership with local enterprises and help train Chinese management for its production lines. The group will also offer advanced technology and equipment as well as environmental protection knowledge to its Chinese business partners with whom it will produce quality products of renown for the international market.

Henkel's sales in China amounted to 180 million marks last year; 83 percent of its products were manufactured in China while the remainder was imported from other countries including Germany.

The German group comprises 200 subsidiaries that operate in 60 countries. It is the world's largest industrial chemical manufacturer and produces oil and industrial chemical, cosmetics, health care products and detergents.

**PRC: Modernized Merchant Marine Fleet Planned**  
*OW2503140496 Beijing ZHONGGUO XINWEN SHE in English 0403 GMT 25 Mar 96*

[FBIS Transcribed Text] Nanjing, March 25 (CNS) — With the development of foreign trade, China will modernise its merchant marine fleet to meet the needs of international transport.

According to the China Shipowners' Association, the volume of foreign trade will amount US\$400 billion by the end of this century while the annual volume of goods exported will equal 400 million tonnes, 82 percent of which will be transported by sea. During the "Ninth Five-Year Plan", marine cargo handling capacity will increase by 2 million tonnes per year.

The China Shipowners' Association, which was set up three years ago, has 191 member companies whose 2,449 ships have a total tonnage of 24.03 million tonnes.

**PRC: STAR TV Renews Attempt To Enter Mainland Market**

*HK2603062596 Hong Kong SOUTH CHINA MORNING POST in English 26 Mar 96 p 3*

[By Gren Manuel]

[PTS Transcribed Text for FBIS] Rupert Murdoch's STAR TV has renewed its attempt to get into the China market with a new venture aimed at selling programmes to mainland cable stations.

However, the deal to create Phoenix Satellite Television fell short of industry rumours of a direct tie-up with mainland ministries or broadcasting bodies.

From Sunday, its Chinese Channel will be renamed Phoenix Chinese Channel and the proportion of mainland-produced programmes will be increased via its new partners.

Attempts will be made to sell Star Sports but the channel is not part of the Phoenix venture. A channel of movies and dramas "will launch at a later stage".

STAR spokesman Douglas Gautier said news content was "not anticipated at this stage".

The venture's channels will carry advertising and will initially be offered free to cable TV stations, with consideration given later to charging stations and selling decoders to allow households to pick programmes.

STAR TV will have 45 per cent of the venture, as will Today's Asia Limited, a Hong Kong company founded by Preparatory Committee member Chan Wing-kee and Liu Chang Le of Singapore, who will be Phoenix's chairman.

The other 10 per cent will be owned by China Wise International, which STAR TV says is a Hong Kong firm and the international sales and advertising agent for national and provincial TV stations in China.

Asked whether the venture had Beijing approval, Mr Gautier said: "We are of the view that if Phoenix operates in accordance with the Government's regulations and the programmes are well received by viewers then Phoenix will be welcomed."

James Miles, media analyst at Asia Equity, said the deal amounted to "repackaging with an intention to invest. It seems some sense to get Chinese partners," he said — even though the partners were not mainland bodies.

## Agriculture

**PRC: State To Improve Efficiency of Cultivated Land**

*HK2603090396 Beijing CHINA DAILY in English 26 Mar 96 p 2*

[By Liang Chao]

[PTS Transcribed Text for FBIS] Cultivated land in China will remain at its current total of 122.2 million hectares, maintaining the country's per capita farmland at 0.09 hectare, between 1996 and 2000.

By the end of the Ninth Five-Year Plan (1996-2000), this area of farmland is expected to produce enough to feed China's population, which will reach 1.3 billion, according to a report issued yesterday by the country's top land administration authorities.

To realize this goal, "one of the most important things China has to do in the following five years is to maintain a stable crop-growing area," said an official from the State Land Administration (SLA).

The report details the country's achievements in land management during the Eighth Five-Year Plan (1991-95) and the major measures to be taken in the next five years.

The government will also play its part, most importantly by increasing controls over the loss of fertile land to the construction industry.

An improved land market for urban areas will be a key means for the State to regulate the national economy, promote social progress and prohibit illegal land deals.

With the continuing economic growth of the next five years, the SLA plans to shift its emphasis away from simply approving land-use rights.

Under a new scheme for State macro-control of land supply, land prices will be decided by market demands, which will play a fundamental role in distributing the use of the resources.

Utilization of land resources will be controlled, unlike the previous practice where non-agricultural constructions were achieved at the cost of a loss of cultivated land, the report said.

The new policy will assist the State redistribution of land resources and raise efficiency of usage as well as economic efficiency.

Reviewing land management in the past five years, the SLA report said the rising tide of random occupation of cultivated land has been stemmed.

An urban land market has already taken shape with the extension of land-use reform aimed at abolishing the free use of State-owned land.

Between 1991 and 1994 more than 110,000 tracts of land, or more than 117,000 hectares, were leased to users.

**PRC: Anhui Improving Productivity of Low-Yield Farmland**

OW2603082796 Beijing XINHUA in English  
0653 GMT 26 Mar 96

[FBIS Transcribed Text] Hefei, March 26 (XINHUA) — East China's Anhui Province has improved some 570,000 hectares of low-yield land over the past eight years, adding two billion kg more grain, or 200 yuan more per capita for local farmers' income.

During the period, the province has also planted some 60,000 hectares of forest.

Anhui, which was traditionally an agriculture-dominated province, has some four million hectares of arable land, nearly one-third of which is low-yield land, leaving much room for development.

During the past eight years, the province has invested heavily in agricultural production improvements, applying a principle of efficiency first and dependence on science and technology.

The province has also paid attention to resource development for long-term and stable growth.



**East Region****PRC: Shandong Publishes 1995 Statistical Communique**

SK2503120696 Jinan DAZHONG RIBAO in Chinese  
21 Feb 96 p 2

[Statistical communique on Shandong's 1995 economic and social development; issued by the Shandong Provincial Statistical Bureau — date not given]

[FBIS Translated Text] In 1995, Shandong achieved good results in deepening reform and strengthening macroeconomic control. During 1995, under the guidance of the central authority's basic principle of grasping opportunity, deepening reform, opening up wider, enhancing development, and maintaining stability, our province conscientiously carried out the spirit of the central economic work forum and of the third plenary session of the eighth provincial people's congress; correctly handled the relationship between reform, development, and stability; and emancipated our mind and sought truth from facts. By taking macroeconomic control as the main line, we attached importance to the new situation and the new problems emerging in the process of economic and social development. Through macroeconomic control, reform was deepened and the economy was developed. Conspicuous results were achieved in macroeconomic control. The major control targets were basically achieved; inflation was effectively controlled; the economy maintained a stable growth; overall economic strength was further strengthened; and society remained basically stable. Primary statistics indicated that Shandong's 1995 GDP totaled 500.2 billion yuan, 2 billion yuan, 2 billion yuan, 2 billion yuan, 2 billion yuan, up 14.1 percent over the previous year in terms of comparable prices. Of this total, the value added by the primary industry was 101 billion yuan, up 8.9 percent. The secondary industry totalled 238.4 billion yuan, up 15.1 percent. The tertiary industry totalled 160.8 billion yuan, up 15.8 percent. The added-value of the tertiary industry accounted for 32.1 percent of the GDP, an increase of 1.2 percentage points as compared with the previous year.

**1. Agriculture**

In 1995, provincial party committees and governments at all levels took agriculture as the primary task; targeted the increase of agricultural yields and peasant incomes; and made great efforts to develop agriculture with high yields, fine quality, and high efficiency. Fairly good results were achieved. Comprehensive development was seen in agriculture, forestry, animal husbandry, and fisheries. In 1995, the value added by agriculture was 101 billion yuan, 8.9 percent higher than that of the previous year.

Thanks to fairly good weather, agriculture reaped a bumper harvest.

The following is the output of major farm produce: (unit: 10,000 tonnes)

	1995	Percentage Increase Over 1994
Grains	4245.0	3.8
of which:		
wheat	2061.9	1.4
cotton	47.1	-15.8
oil-bearing crops	315.0	-6.9
of which:		
peanut	309.0	-7.3
vegetable	3694.8	11.4
fruits	717.7	21.0

New progress was made in forestry work. Newly-afforested areas in 1995 covered 320,400 hectares. The forest cover rate totalled 20.2 percent.

Animal husbandry maintained rapid growth.

The following is the output of major animal products and livestock numbers: (unit: 10,000)

	1995	Percentage Increase Over 1994
meat	585.9 tonnes	26.0
of which:		
pork	268.2 tonnes	19.8
beef/mutton	104.0 tonnes	26.1
milk	66.8 tonnes	30.0
poultry and eggs	318.7 tonnes	8.4
hogs slaughtered	3364.0	20.6
draft animals in stock	1618.7	24.6
pigs in stock	2679.9	14.0
sheep in stock	4440.4	24.9

Continued increases were registered in the production of aquatic products. The output of aquatic products in 1995 totalled 3.809 million tonnes, up 8.6 percent. Of this total, the output of marine products was 3.273 million tonnes, up 7.2 percent, and that of fresh water products was 536,000 tonnes, up 18.3 percent. Exports of aquatic products totalled 260,000 tonnes, up 62.5 percent over the previous year, with the earned foreign exchange totalling \$600 million, an increase of 33.3 percent.

Further improvements were made in the conditions for agricultural production. By the end of 1995, the power of farm machinery totalled 40.165 million kilowatts, up 6.9 percent over the previous year. Of this total, the aggregate power of the farm machinery totalled 14.834 million kilowatt, a growth of 1.7 percent. Rural consumption of electricity totalled 14.73 billion kilowatt hours [kwh], up 11.4 percent. By the end of 1995, newly-added farmland acreage totalled 6.696 million hectares, 0.3 percent fewer than that of the previous year. Tractor-ploughing farmland covered 5,524,400 hectares in the same year, up 1.3 percent. Farmland with effective irrigation totalled 4,662,500 hectares, up 0.4 percent. Used chemical fertilizers (100 percent effective content equivalent) totalled 3.623 million tonnes, a 10.9 percent increase over the previous year.

## 2. Industry

In 1995, in an extensive and in-depth manner, the province launched the activities of "the year to promote effective management," the core of which was to improve the quality of economic operations and the main content of which was to reduce costs, reduce deficits and increase income, and strengthen financial management. Fairly good results were achieved.

Industry saw steady progress. In 1995, the value added by industry totalled 211.3 billion yuan, an increase of 15 percent. Of this total, value added by industry at and above the township level totalled 165.47 billion yuan, up 11.24 percent over 1994, and sales value totalled 602.01 billion yuan, an increase of 14.1 percent.

Industrial production was restructured. First, state-owned industries gradually accelerated development, and step-by-step the gap was narrowed between state-owned industries and industries owned by collectives and other ownership. In 1995, the value added by our state-owned industries totalled 76.428 billion yuan, up 9.90 percent as compared with the previous year. Stable growth was seen, and the increase rate was 0.8 percentage points higher than that of collective industries, different from the situation of the previous year in which it was 17.8 percentage points lower. In terms of the growth rate, the gap between state-owned industry and industries of other ownership was nar-

rowed from 29.9 percentage points in 1994 to 16.6 percentage points in 1995. Second, balanced growth was registered between light and heavy industry. The value added by light industry totalled 74.515 billion yuan, up 11.24 percent over the previous year, and that of heavy industry totalled 90.950 billion yuan, an increase of 11.25 percent. The growth rates of heavy and light industry were basically the same in 1995, while the former was 2.2 percentage points lower than the latter in 1994.

The product mix continued to be adjusted and optimized in a bid to suit market demands.

The following is the output of major industrial products:

	1995	Percentage Increase Over 1994
raw coal	85.163 million tonnes	12.6
crude oil	30.003 million tonnes	-3.1
total energy production	73.02 billion kwh	8.2
steel	3.852 million tonnes	4.5
steel material	2.447 million tonnes	10.0
soda ash	1.200 million tonnes	3.3
caustic soda	605,000 tonnes	15.8
chemical fertilizer	1.942 million tonnes	6.9
farm chemical	29,000 tonnes	36.3
plastic sheds	76,000 tonnes	47.7
synthetic rubber	124,000 tonnes	-1.7
cement	51.194 million tonnes	4.8
metal cutting machine tools	16,974	5.6
motor vehicles	14,000	-13.2
large and medium-sized tractors	14,527	40.9
small tractors	369,000	51.7
cameras	673,000	92.1

	1995	Percentage Increase Over 1994
color TV	854,000	24.6
household washing machines	980,000	-7.1
electric fans	2.956 million	74.1
household refrigerators	1.001 million	60.0
chemical fiber	150,000 tonnes	18.2
yarn	645,000 tonnes	20.5
cloth	2.75 billion meters	-1.4
beer	2.038 million tonnes	8.7
machine-made paper and paperboard	2.307 million tonnes	7.2
synthetic detergent	195,000 tonnes	3.8

The situation in linking production with marketing continued to take a turn for the better. The marketing rate of the products manufactured by the province's industry at or above the township level reached 96.78 percent, up 0.1 percentage points over 1994, a record high over recent years. Of this, the marketing rate of light industrial products was 96.42 percent, and that of heavy industrial products was 97.10 percent, representing the pattern that the marketing rate of light industrial products was lower than that of heavy industrial products. In terms of the industry of various economic sectors, the marketing rate of products of state-owned industrial enterprises was 98.24 percent, 1.46 percentage points higher than the overall provincial level; that of collective industrial enterprises was 95.4 percent; and that of the industries of other sectors was 97.5 percent.

Economic efficiency of industry improved steadily and was better than that in the corresponding period of 1994. In 1995, the composite index of economic efficiency of the industry at or above the township level that exercise independent accounting was 100.31 percent, up 3.44 percentage points over 1994. In 1995, income from the sales of products totaled 445.605 billion yuan, up 28.28 percent over 1994; and profit/tax totalled 45.627 billion yuan, up 21.11 percent, of which, profit was 17.882 billion yuan, up 23.83 percent.

### 3. Investment in Fixed Assets and Construction

In 1995, macro regulation and control over the province's construction sphere was strengthened continuously. As a result, the total amount of investment was brought under effective control, investment structure was further readjusted, the return from investment improved, and obvious results were achieved in conducting macro regulation and control over the investment in fixed assets.

The increase margin of investment in fixed assets continued to decline. In 1995, the completed investment in fixed assets totaled 131 billion yuan, up 18.2 percent over 1994, with its increase margin declining by 6 percentage points from that in 1994, or a real decline of 10.9 percentage points allowing for price rises. Of this, the investment completed in localities was 107.13 billion yuan, up 18.7 percent, with its increase margin declining by 3.7 percentage points. When viewed from the sectors of the economy, the investment by the state-owned sector was 60.35 billion yuan, up 12.3 percent; that by the collective sector was 38.82 billion yuan, up 25.8 percent; that by individual urban and rural residents was 15.98 billion yuan, up 34.9 percent; and that by other sectors was 15.85 billion yuan, up 18.7 percent. When viewed from the planned management channels, the investment in capital construction was 37.01 billion yuan, up 12.8 percent; that in technological innovation and transformation was 19.81 billion yuan, up 15.8 percent; that in real estate development was 11.62 billion yuan, up 13.3 percent; and that in other construction spheres was 62.56 billion yuan, up 23.5 percent.

Investment in basic industries and infrastructure facilities was strengthened further. Of the investment in capital construction and technological innovation and transformation, 1.27 billion yuan were spent on agriculture, forestry, and water resources projects, with its proportion in the total investment rising from 2.1 percent to 2.2 percent; the investment in energy resources and raw materials industries was 20.42 billion yuan, up 21.8 percent, with its proportion rising from 33.6 percent to 35.9 percent; and the investment in transportation, posts, and telecommunications was 9.5 billion yuan, up 24.3 percent, with its proportion rising from 15.3 percent to 16.7 percent.

Investment results improved somewhat. In 1995, 4,284 projects on capital construction and technological innovation and transformation were completed, 338 more than the figure in 1994, and the completion and commission rate rose from 52.9 percent to 54.8 percent. The newly added fixed assets amounted to 37.36 billion yuan, and the rate of availability of fixed assets roses



from 64.7 percent to 65.6 percent. A total of 15.28 million square meters of buildings were completed, with the completion rate rising from 47.5 percent to 51.3 percent.

The construction of key projects progressed smoothly. Investments of 12.93 billion yuan were put into 35 key projects which were organized by the state and the province. These projects progressed at a speed that met the annual construction plan by 103 percent. Of these, seven key state projects progressed at a speed that met the annual plan by 112.6 percent. Eleven projects were totally or partially completed and made available to users. Newly-added production capacities were mainly as follows: an annual crude oil recovering capacity of four million tonnes; an annual production capacity of 500,000 tonnes of crude salt, 5,000 tonnes of viscose fibers, and 900,000 tonnes of cement; an installed power generating capacity of 500,000 kilowatts; and two million tonnes in port loading and unloading capacity.

The construction trade developed steadily. The added value of the construction trade came to 27.1 billion yuan, an increase of 15.9 percent. Houses occupying a floor space of 35.61 million square meters were built by either state-owned construction enterprises or urban collective construction enterprises at or above the county level, an increase of 7.1 percent; 34 percent of houses under construction were completed.

#### **4. Transport, Post, and Telecommunications**

The transportation trade developed in a sustained manner. In 1995, the province paid attention to the construction of infrastructure facilities, ceaselessly upgraded its transportation capacity, and registered increases in both passenger and freight transportation volumes. The newly-added highway transportation mileage totalled 4,018 km, thus bringing the provincial total to 54,243 km by the end of the year. Of this, high-grade and secondary high-grade highways totalled 39,880 km, an increase of 5,099 km over 1994. Freight transported by highways totalled 556.54 million tonnes, an increase of 19.7 percent; passengers transported by highways totalled 320 million, an increase of 6.9 percent. The loading and unloading capacity of ports totalled 106.25 million tonnes, an increase of 24.3 percent.

New headway was made in building local railways. By the end of 1995, the province's local railway transportation mileage totalled 334.2 km; freight transported by local railways totalled 310 million tonnes, of which 4.308 million tonnes of freight were transported out of the province.

The aviation industry further developed. By the end of 1995, there were 92 air routes from our province to

74 cities, including three international air routes and three air routes linking our province with Hong Kong and Macao. Freight handled by airways totalled 38,000 tonnes, an increase of 35.4 percent; 2.605 passengers were transported by airways during the year, an increase of 44.2 percent.

Noticeably rapid progress was achieved in post and telecommunications services, with business transactions throughout the year totaling 5.33 billion yuan, an increase of 32 percent, and revenues totalling 5.23 billion yuan, an increase of 39.9 percent. By the end of the year, the province had 65,000 long-distance telephone lines, an increase of 17,000 over 1994, and 233,000 automatic long-distance telephone switchboard terminals, an increase of 72,000. Program-controlled telephones accounted for 93.4 percent of the total urban and rural telephone capacity. The province's public telephone switchboard capacity totalled 4.239 million lines. Four point six people out of 100 had telephones, an increase over 1994 of 1.62 telephones for each 100 persons.

#### **5. Domestic Trade**

Domestic markets had an ample supply of goods and witnessed a steady increase in commodities sales. The value of the retail sales of consumer goods totaled 141.6 billion yuan, an increase of 25.3 percent. When price factors were deducted, the real increase was 9.7 percent. Of the consumer goods supplied on the domestic market, the supply of industrial products was slightly more than their demand, and there was an ample supply of farm products. Markets were stable.

Rural markets developed at a more rapid pace. The sales income of rural markets was higher than that of urban markets. The value of retail sales of rural markets at or below the county level totalled 43.65 billion yuan, an increase of 26.5 percent over 1994; that of urban markets at or above the county level totalled 97.95 billion yuan, an increase of 24.7 percent. The increase in the sales income of rural markets was higher than that of urban markets by 1.8 percentage points.

Market competition tended to be sharper. Retail units of various economic sectors comprehensively witnessed increases in sales of commodities. The sales income of state-owned retail units reached 43.47 billion yuan, up 15.4 percent. State-owned retail units saw a decline in their share of sales income in the province's total from 33.3 percent in 1994 to 30.7 percent. The sales income of collective retail units reached 38.01 billion yuan, up 21.1 percent; and their proportion in the total retail sales dropped from 27.8 percent in 1994 to 26.8 percent. The sales income of the retail units of other economic sectors

reached 60.13 billion yuan, up 36.8 percent; and their proportion of the province's total rose from 38.9 percent in 1994 to 42.5 percent.

All trades witnessed increases in their retail sales. Wholesale and retail units' retail sales incomes rose by 21.9 percent. Retail sales for the catering trade rose 32.8 percent, retail sales for manufacturing rose 19.7 percent, and retail sales for other trades rose 43.2 percent. Sales by farmers to non-agricultural residents rose 34.9 percent.

The value of retail sales of consumer goods rose rapidly. That of food rose by 23.1 percent, that of clothing by 28 percent, and that of daily necessities by 26.1 percent.

Urban and rural markets were brisk. The transaction volume of markets came to 155 billion yuan, up 27.4 percent. Of this, that of urban markets came to 101.9 billion yuan, up 29.3 percent, and that of rural markets came to 53.1 billion yuan, up 24.2 percent.

Markets for means of production began to break out of their slump and reverse the trend of a decline in business volume. The total sales of means of production by supply departments were 29.23 billion yuan, up 4 percent over 1994. As for sales of major commodities, cement sales rose 15.5 percent, vehicle sales rose 19 percent, and sales of steel products rose 6 percent. The total sales of means of agricultural production by supply and marketing cooperatives came to 9.85 billion yuan, up 52.5 percent. Of the total sales, the sales of chemical fertilizers came to 9.26 million tonnes, up 31.1 percent, and sales of farm chemicals rose 53,000 tonnes, up 22.9 percent. Now, markets for means of production have tended to be stable, halted the trend of excessive supply which had surfaced in the preceding stage, and basically struck a balance between supply and demand.

New headway was made in the setup of a market system. The province built, rebuilt, and expanded 476 markets. By the end of the year, the province had 8,446 markets, including 900 farm and sideline product wholesale markets and 400 markets for means of production.

#### **6. Foreign Economic Relations and Trade**

Foreign trade developed in a sustained and fast manner. The value of exports through foreign trade totaled \$9.65 billion, up 36.2 percent. Of this, the value of exports by cities and prefectures totaled \$2.7 billion, up 79.4 percent, raising the proportion of the province's total from 21.3 percent in 1994 to 28 percent. The value of exports by foreign-invested enterprises totaled \$3.79 billion, up 57.9 percent, raising the proportion of the province's total from 33.9 percent to 39.3 percent. The value of imports (figures compiled by customs) totaled \$5.79 billion, up 54 percent.

The quality of using foreign funds further improved. New contracts signed by Shandong on the utilization of foreign capital amounted to 5,035, up 6.1 percent. Foreign capital involved in these contracts totaled \$5.33 billion, and the actual foreign capital input was \$3.27 billion, down 14.7 percent and 4 percent, respectively, as compared with the previous year. Of these new contracts, 2,709 worth \$4.63 billion were related to direct foreign investment, down 25.8 and 12.0 percent, respectively; and the actual foreign investment input was \$2.61 billion, up 2.8 percent. The average investment scale of foreign-funded projects was expanded, up from \$1.43 million in 1994 to \$1.70 million in 1995. Large-scale projects increased; the trade structure was optimized; and the investment input rate was further promoted.

Economic and technical cooperation with other countries made encouraging progress. Contracts for overseas construction projects and labor service totaled 672 with \$390 million involved, up 63.5 percent and 21.1 percent, respectively, as compared with the previous year. The accomplished operation revenue reached \$180 million, increasing 49.5 percent. An accumulative total of 359 enterprises were proved to be established overseas, and the investment abroad topped \$140 million.

International exchanges and tourism were more brisk. The province received 450,000 persons (including sailors, the same below) from overseas and from regions of Hong Kong, Macao, and Taiwan for sight-seeing, visits, business, or other activities, up 40.0 percent. Of this total, foreigners hit 304,000, increasing 53.7 percent; overseas Chinese reached 7,000, up 6.7 percent; Hong Kong and Macao compatriots achieved 68,000, up 12.6 percent, and Taiwan compatriots were 72,000, up 25.0 percent. Foreign exchanges earned through tourism reached \$154 million, up 43.8 percent.

#### **7. Finance and Banking**

A large increase was seen in revenue. In 1995, the province turned in 20.52 billion yuan to the central authority, up 15.9 percent over 1994. Local revenue reached 17.90 billion yuan, accounting for 121.7 percent of the budget, or 32.9 percent increase as compared with 1994. Local expenses reached 27.58 billion yuan, accounting for 118.0 percent of the budget, or up 26.1 percent over 1994. Calculated in accordance with the current financial system, balance was achieved between income and expenditure with some surplus. The province has achieved the balance of income and expenditure for nine years running, and finances at all levels further improved.

The monetary situation was stable. In 1995, the province implemented the moderately tight monetary policy and

achieved fairly good results. Throughout the year, saving deposits were in excess of loans. At the end of the year, saving deposits in banks and credit cooperatives were 342.44 billion yuan, increasing 88 billion yuan as compared with that at the beginning of the year; loans reached 312.90 billion yuan, up 51.6 billion yuan. Saving deposits were 29.5 billion yuan more than loan. The loan structure was adjusted. The proportion of short-term loans conspicuously rose, and that of medium- and long-term loans decreased with a notable shrinkage in scale. Money withdrawn from circulation increased by an extraordinary margin. In 1995, banks' cash income reached 633.44 billion yuan, increasing 40.6 percent; and their cash expenses hit 630.59 billion yuan, increasing 37.5 percent. In 1995, the accumulated total of withdrawn currency was 2.74 billion yuan, 10.24 billion yuan more than that of the previous year and setting a record high.

### 8. Science and Technology

New progress was made in science and technological undertakings. In 1995, the province gained 3,251 major scientific and technological achievements. Of this total, 466 attained the international advanced level and 2,272 attained the domestic advanced level. At the end of the year, there were over 300 state-owned independent scientific research and development organs at and above the county level and over 5,000 nongovernmental scientific and technological enterprises.

Smooth progress was seen in implementing the province's "Spark Plan" work. During the year, 544 items were listed as "Spark Plan" items at and above the provincial level, of which, 79 were state-level items. Ninety-nine items received provincial Spark Awards for science and technology and 19 enterprises were named provincial-level Spark Plan demonstration enterprises. More than 200,000 technical and managerial personnel were trained for rural areas and township enterprises across the province.

The technology market became more active every day and the progress of commercializing technological achievements was accelerated. At the end of the year, there were 9,132 technical and trade organs of various categories, with 101,000 workers. Of this figure, 54,545 people were science and technical personnel. During the year, 18,675 technical contracts were signed, involving a contracted sum of 1.86 billion yuan.

Patent work steadily developed. The whole province received 4,624 patent applications and approved 2,861 applications.

New progress was made in the technological development work of large- and medium-sized industrial enter-

prises. By the end of the year, the province had 47 enterprise technological development centers at and above the provincial level, and the independent research and development ability of enterprises were strengthened. This effectively promoted the close integration of scientific research with production.

High and new technology developed rapidly. Ten development zones at and above the provincial level invested 17.5 billion yuan of funds in construction and established 762 high and new-tech enterprises; developed 662 high and new-tech products and implemented 1,298 Torch Plan items at and above the provincial level.

Continued improvements were made in meteorological, mapping, and technology supervision work and in the technical levels. Meteorological departments accurately and promptly forecast all sorts of natural disasters, provided services to production and people's living, and achieved noticeable economic and social efficiencies. The survey and mapping departments prepared 2,944 maps of varying scales, made 402 maps, completed aerial photography covering 25206.5 square km, provided 10,894 maps of varying scales to society, published 918,700 copies of maps of 55 categories to the public, took 1,352 aerial photos, and succeeded in 1,278 geodetic survey projects. Technological supervision departments formulated 11 provincial-level criteria for the localities and put 60 agricultural criteria into implementation. One hundred and thirty-seven new measurement standards were set and 71 measurements were verified; the quality inspection organs completed legalizing the measurements of 218 units and worked out regulations for examining local measurements. The province made spot checks on 1,115 products of 73 categories in 1,065 production enterprises, and found out that the rate of up-to-standard products reached 63.6 percent, showing some improvements as compared with the previous year.

### 9. Urban Construction and Environmental Protection

Noticeable achievements were made in urban construction. Urban infrastructure facilities, public service, and supporting environmental facilities improved remarkably, and urban comprehensive service functions were further enhanced. By the end of the year, the urban areas had roads totalling 11,872 km in length, covering an area of 154.40 million square meters. There were 5,500 buses in operation by the end of the year and the bus routes reached 12,500 km in length; the annual passenger transport volume reached 1.4 million people; there were 18,000 taxicabs by the end of the year. The annual water supply volume totalled 2.2 billion tonnes, and the water supply coverage rate reached 95 percent. By the



end of the year, 6.5 million people across the province had coal gas and liquefied petroleum gas supply, and the gas supply coverage rate reached 68 percent. The central heating areas reached 32 million square meters, and the heating supply coverage rate was 9.5 percent. The greenery patches in the city covered an area of 5.3 million square meters by the end of the year; the average per capita area of public greenery patches was 5 square meters; the tree coverage rate in communities reached 29 percent. The annual trash and excrement disposal volume reached 5.8 million tonnes, and the harmless disposal rate was 60 percent.

Environmental protection saw notable achievements. Shandong focused attention on the planning for the overall improvement of key rivers, tackled the water pollution that the masses had much complaints about and the water pollution in sensitive areas, and exerted great efforts to improve the environmental quality and strengthen supervision, thus making breakthroughs. It completed 753 pollution control projects with an investment of 998 million yuan within the definite time; closed down, suspended, merged, and changed the production of 179 enterprises and moved 54 which caused serious pollution. By the end of the year, 231 soot-control zones covering an area of 1,041 square km were established in 45 cities in the province, making the coverage rate of soot-control zones 82.1 percent. Also, 165 zones covering an area of 509 square km where noise pollution was put under the specified level were established in 43 cities, making the coverage rate of such zones 40.1 percent.

#### 10. Education, Culture, Public Health, and Sports

Reform was expedited at education departments in 1995. New disciplines and specialties were established to meet the needs in the market economy and opening to the outside world, and personnel at various levels who were specialized in various fields were trained and employed, enabling colleges, universities, and secondary specialized schools throughout the province to upgrade their recruitment ability rapidly.

Regular higher education developed steadily in the course of restructuring. Shandong recruited 1,501 graduate students, up 10.0 percent from the preceding year; so that the total number of graduate students increased to 4,051, up 21.8 percent. Regular institutes of higher learning recruited 55,600 students for regular and specialized courses, basically the same as in the preceding year. This made the total number of students at these institutes increase to 160,000, up 2.2 percent.

Secondary education saw rapid development. Secondary vocational and technical schools increased to 1,079 throughout the province, and their students totaled

826,000, accounting for 57 percent of the total students at the senior high school level. Senior high school students registered an increase of 11.3 percent, or 64,000; and junior high school students an increase of 9.9 percent, or 369,000.

Elementary education became even more universal. Elementary schools had 9.404 million students, and 93.8 percent of the elementary school graduates attended the schools at a higher grade, showing an increase of 6.1 percentage points. School attendance rate of school-age children reached 99.5 percent, up 0.6 percentage points from the preceding year; and kindergartens and nurseries had 2.629 million children, down 1.9 percent. Special education schools had 16,000 students, up 33.3 percent. By the end of the year, 77 counties (cities, districts) in the province made the nine-year compulsory education universal.

Multiform training networks for adult education were established. Adult schools at college level recruited 90,000 students for regular and special courses, up 11.1 percent from the preceding year, so that the total number of students at such schools reached 199,000, up 1.5 percent. Adult schools at the secondary specialized school level had 204,000 students, up 20.7 percent from the preceding year.

Cultural undertakings developed in a healthy manner. By the end of the year, Shandong had 118 art performing groups of various types and 118 art performing venues, 131 public libraries, 140 cultural and art centers, and 175 archives having 5.43 million files in storage. It also had 83 radio stations at various levels, 30 medium- and short-wave radio transmission and relay stations, 56 television stations, and 88 television transmission and relay stations each with a capacity of over 1,000 watts. Radio stations across the province broadcast 827 hours of programs a day, and television stations broadcast 2,804 hours and 25 minutes of programs a week. Radio and television coverage rates totaled 86.0 and 85.2 percent, respectively. In the whole year, 1,996 books and pictures, 99 newspapers, and 230 magazines were published.

Public health made headway continuously, and medical service further improved. By the end of the year, Shandong had 3,104 hospitals of various categories, showing a decrease of 9 as compared with the preceding year; and 182,000 hospital beds, showing an increase of 928. Health workers totaled 271,000, up 2.6 percent, of whom doctors totaled 119,000, up 4.1 percent. Traditional Chinese medicine developed even faster. Hospitals of traditional Chinese medicine had 17,000 beds, up 5.1 percent, and 18,000 health workers, up 4.7 percent.

New progress was made in sports competitions. In international competitions, we won nine world championships, four runner-ups, and three third positions, broke three world records, and won 21 Asian championships. In national high-level competitions, we won 24 gold medals, 23 silver medals and 21 bronze medals.

### 11. Market Prices

In 1995, the whole province conscientiously implemented the State Council's decision on resolutely controlling price hikes, realistically strengthened market management and price supervision and control, basically issued no price-adjusted items, enabled the whole province to control price inflation while keeping the market brisk, and realized the control target set by the provincial party committee and the provincial government at the beginning of the year.

The general retail price level of the whole province rose by 14.2 percent over the previous year, which was lower than the price control target by 0.8 percentage points. Of this figure, the retail price level of urban areas rose by 13.2 percent and that of rural areas, 16.2 percent. Of the increase in the general retail price level, 8 percentage points of increase were caused by the previous year's price inflation and 6.2 percentage points were caused by this year's price inflation.

The percentage of price inflation of various categories of products was as follows:

	whole province	urban areas	rural areas
Foods	24.1	22.8	25.6
Beverage, cigarettes, wine	8.7	9.2	7.6
Clothing, shoes and hats	16.3	15.6	17.6
Textile Fabrics	12.8	12.3	13.9
Chinese, Western medicines	10.2	9.7	11.0
Books, newspapers magazines	9.5	9.5	9.6
Cultural, sports goods	6.6	4.9	10.2

	whole province	urban areas	rural areas
Daily necessities	8.1	6.6	11.9
Household electric appliances	1.7	1.2	3.2
Jewelry	1.4	0.9	2.8
Fuel	11.8	11.5	12.5
Building, furnishing materials	5.7	0.9	13.7
Machinery, electric products	-2.7	-3.5	-0.9

The general consumer prices of residents across the province rose by 17.6 percent over the previous year, of which, that of urban areas rose by 16.8 percent and that of rural areas, 17.9 percent, and the prices of agricultural means of production rose by 33.3 percent. The transaction prices of products on the farm-produce markets rose by 18.8 percent and the purchasing prices of farm products rose by 12.8 percent. The general factory price level of industrial goods rose by 17.0 percent and the rate of increase dropped by 7.2 percent from 1994. The price index of investment in fixed assets rose by 6.6 percent.

### 12. Residents' Living and Population

The income of urban and rural residents steadily increased. In 1995, the average per capita income for living expenses of urban residents was 3,953 yuan, an increase of 23.6 percent over the previous year, representing an actual increase of 6.6 percent if the price factors were excluded. A rapid increase was seen in the savings deposits of urban and rural residents. By the end of the year, the savings deposits of urban and rural residents totalled 219.72 billion yuan, an increase of 37.1 percent.

Urban and rural residents further upgraded their living standards, and their housing conditions continuously improved. Urbanites' per capita consumption expenses reached 3,285.5 yuan, up 24.7 percent; and peasants' per capita living expenses totaled 1,338.5 billion yuan, up 34.4 percent. Urban and rural residents' incomes and consumption expenses rose basically at the same pace. Urban and rural residents' per capita housing areas respectively reached 8.7 square meters and 21.56 square meters, and the housing quality generally improved.

The production of durable consumer goods for urban and rural residents continued to increase.

**The durable consumer goods owned per 100 urban and rural households were as follows:**

	Urban Areas	Rural Areas
Television	113	89.9
Of this, color sets	90.5	18.1
Tape recorders	82.5	25.5
Videotape recorders	17.3	1.4
Refrigerators for household use	86.9	6.9
Washing machines	88.6	11.4
Electric fans	193.4	112.6
Sewing machines	70.8	75.2
Cameras	32.3	2.2
Automobiles	8.7	9.9

The employment situation was stable, and wages rose. By the end of the year, staff and workers in the whole province numbered 8.918 million (excluding those employed by township- and village-run enterprises,) up 195,000 over 1994. Of them, those employed by state-owned units numbered 6.331 million, up 14 percent. Thanks to the concerted efforts of governments at various levels, 229,000 workers were employed during the year. Rural surplus laborers facilitated the pace of finding new jobs in small- and medium-sized towns. Meanwhile, some peasant workers also returned to rural areas to engage in agricultural production. The wage bill of staff and workers totaled 44.3 billion yuan, up 18.9 percent; and the per capita wages of staff and workers reached 5,032 yuan, up 16 percent.

Social welfare continued to develop. By the end of the year, the province had 4,172 social welfare institutions of various types, supporting 89,000 occupants; and there were 28,500 social security funds, ensuring 85 percent of the province's total. A total of 110 million yuan were subsidized to the poor, helping 165,000 poor households shake off poverty. The province had 4,248 social welfare enterprises, arranging jobs for more than 70,000 handicapped persons.

Noticeable achievements were made in family planning. Population rose at a slow speed. At the time of concentrating energy on accelerating the province's economic development, all levels of party committees and governments expanded the dynamics of birth control. Thus, the province strictly controlled the population growth rate and continued to maintain a slow increase in pop-

ulation. According to the census, the province's population growth rate was 9.83 per thousand; the mortality rate 6.47 per thousand, and the population natural growth rate 3.35 per thousand. When the numbers of people moved to and out of the province were counted, the year-end population was 87.045 million.

#### Notes:

- 1) Figures in value terms on gross domestic product and value added by various sectors quoted in this communique are at current prices, whereas growth rates are calculated at comparative prices.
- 2) All figures in this communique are preliminary.

### Central-South Region

**PRC: Hubei Releases 1995 Statistical Communique**  
*SK2603063696 Wuhan HUBEI RIBAO in Chinese*  
5 Feb 96 p 2

[Statistical communique on Hubei Province's 1995 economic and social development; issued by the provincial statistical bureau on 5 February]

[FBIS Translated Text] Hubei scored tremendous achievements in economic construction and social development in 1995. The economy grew in a sustained and stable manner, inflation dropped notably, reform and opening endeavor generated remarkable results, markets were thriving, living standards continued to improve, and all social undertakings saw further development. According to the initial statistics, the annual GDP totaled 239.142 billion yuan, an increase of 14.6 percent over the preceding year in terms of comparable prices. In other words, the value added by the primary industry was 61.977 billion yuan, an increase of 8.9 percent; that by the secondary industry 102.985 billion yuan, an increase of 18.9 percent; and that by the tertiary industry 74.18 billion yuan, an increase of 12.7 percent.

Major problems in the economic operations lied in the foundation for agriculture which was rather weak; in inflation which remained rather high; in the quality and efficiency of economic growth which were not good enough; and in the difficulty in the microeconomy which were not eased fundamentally.

#### 1. Agriculture

A bumper harvest was reaped despite the serious disasters. Grain, cotton, and oil-seed production saw an all-round increase, and the output of major farm and sideline products, such as meat, fresh eggs, fruits, and vegetables, was an all-time high. The annual agricultural output value totaled 58.497 billion yuan (calculated at



the 1990 constant prices), showing an increase of 14.1 percent over the preceding year, which was the largest annual increase in nearly a decade.

The output of major farm products is listed as follows:

	1995	Percentage Increase Over 1994
Grain	24.638 million tonnes	1.7
Of which: cereals	22.641 million tonnes	1.6
Cotton	586,000 tonnes	30.2
Oil-bearing seeds	1.894 million tonnes	37.5
Of which: peanuts	273,000 tonnes	10.0
Rapeseeds	1.462 million tonnes	49.1
Flue-cured tobacco	67,000 tonnes	16.2
Tea	39,000 tonnes	8.7
Fruits	1.147 million tonnes	67.7

Animal husbandry witnessed steady development, and meat output grew by a large margin.

The output of major animal by-products and the number of animals in stock are listed as follows:

	1995	Percentage Increase Over 1994
Pork, beef, mutton	2.507 million tonnes	17.2
Of which: beef and mutton	111,000 tonnes	38.4
Pigs slaughtered	29.815 million head	18.5
Year-end number of pigs	24.491 million head	4.7
Year-end number of sheep and goats	2.632 million head	42.2
Year-end number of large animals	4.139 million head	7.3

Production of fisheries crossed a new threshold. The output of aquatic products totaled 1.509 million tonnes, up 16.6 percent.

Conditions for agricultural production improved. The year-end total power of farm machines came to 11.743 million kilowatts, up 3.4 percent from the preceding year; large- and medium-sized tractors totaled 71,000, down 3.5 percent; small tractors 155,000, down 1.6 percent; trucks for farm use 16,000, up 4.6 percent; the power of drainage and irrigation machines 3.844 million kilowatts, up 4.3 percent; and the amount of chemical fertilizer applied in the year 2.284 million tonnes, up 14.1 percent from the preceding year. However, inadequate input to agriculture and the aging of farmland water conservancy facilities pose a problem affecting, to a certain extent, the endeavor to consolidate the fundamental position of agriculture.

## 2. Industry and Construction Industry

Hubei's secondary industry witnessed a rapid growth. The value added by the second industry reached 102.985 billion yuan, up 18.9 percent over 1994; and its proportion in the GDP hit 43.1 percent. Industry registered a continuous growth, and its restructuring was accelerated. In 1995, the value added by the industries at and above the township level achieved 82.699 billion yuan, an increase of 14.6 percent. Of this total, the value added by state-owned industries was 47.372 billion yuan, up 7.9 percent; that by the collective industries, 28.285 billion yuan, up 26.9 percent; and that by other industries, 7.042 billion yuan, up 18.0 percent.

Development of light industry continued to go beyond that of heavy industry. The value added by the light industry at and above the township level achieved 34.433 billion yuan, up 22.3 percent. The value added by the heavy industry hit 48.266 billion yuan, up 9.7 percent. There were ups and downs in the production of key industrial products, depending upon the market demand.

Output of major industrial products were as follows:

	1995	Percentage Increase Over 1994
Yarn	483,000 tonnes	6.6
Machine-made paper and paperboards	757,000 tonnes	35.0
Crude salt	1.690 million tonnes	1.2

	1995	Percentage Increase Over 1994
Cigarettes	2,224 million cases	1.1
Synthetic detergents	93,000 tonnes	-37.2
Watches	918,000 tonnes	-4.4
Household washing machines	209,000	1.7
Bicycles	799,000	-36.6
Crude oil	850,000	-2.3
Total energy production	44.321 billion kilowatt hour	3.9
of which: hydraulic power generation	25.175 billion kilowatt hour	2.8
Steel	7.145 million tonnes	-1.0
Steel material for finished product	6.283 million tonnes	-3.7
Raw iron	6.37 million tonnes	2.1
Metal cutting machine tools	4,534	-11.9
Cement	17.520 million tonnes	15.1
Plate glass	4.056 million tonnes	62.9
Auto vehicles	153,000	-15.0
Soda ash	303,000 tonnes	2.7
Farm chemicals	33,000 tonnes	80.8

The composite efficiency index of industrial enterprises hit 91.26, 1.24 percentage points higher than the average national level; however, it was 3.78 percentage points lower than that of the corresponding period of 1994. Of this total, the sales of industrial products went up from 94.9 percent in 1994 to 95.9 percent in 1995; the profit-tax rate on capital decreased from 11.5 percent in 1994 to 10.5 percent in 1995; the profit rate on costs went down from 4.9 percent to 2.9 percent; the turnover of circulation capital was faster, from 1.40 times to 1.53 times; and the industrial value-added rate was down from 32.1 percent to 30.1 percent. The overall economic returns of industrial enterprises still need to be improved.

A good momentum was seen in the development of construction industry. The value added by the construction industry was 10.410 billion yuan, an increase of 20.4 percent over the previous year. The overall labor

productivity of state-owned construction industries was 52,224 yuan/person, up 37.1 percent over 1994. State-owned construction industries completed construction of a total floor space of buildings of 6.695 million square meters, 15.9 percent over the previous year.

### 3. Investment in Fixed Assets

The investment in fixed assets steadily increased. A total of 82.65 billion yuan were invested in fixed assets during the year, up 39.4 percent over 1994. Of this, the investment of state-owned units came to 52.77 billion yuan, up 31.5 percent; and that of collective units came to 7.899 billion yuan, up 76.2 percent. Of the construction projects in the province, 27.658 billion yuan were invested in the central projects, an increase of 51.6 percent; and 54.992 billion yuan were invested in the local projects, an increase of 33.9 percent.

Of the investment in fixed assets, the investment in the primary industry accounted for 2.75 billion yuan, up 82 percent; that in the secondary industry accounted for 40.842 billion yuan, up 35 percent; and that in the tertiary industry accounted for 39.083 billion yuan, up 41.8 percent.

A total of 4,271 capital construction, technological transformation, and equipment renewal projects, each involving an investment of 50,000 yuan or more, newly started construction during the year. There were 60 above-norm technological transformation and equipment renewal projects. Ten large- and medium-sized projects were completed. Large- and medium-sized projects—which were completed and made available to users during the year—included Huanggang Tianzhen Cement Plant, Puqi Cement Plant, the bridge no. 2 crossing the Wuhan section of Chang Jiang, Xuanen Longdong Power Station, the highway bridge crossing the Huangshi section of Chang Jiang, the 330-km-long Hubei section of the Beijing-Kowloon Railway Line, and the 436-km-long Hubei section of the Beijing-Hankou-Guangzhou optical fiber project.

Newly increased production capacity through capital construction projects included 81,000 kilowatts of electricity, 51,000 tonnes of cement, 188 km of highways, 128,000 tonnes of tap water, and 257,000 urban telephone exchange lines.

### 4. Transport, Post and Telecommunications

Transportation and communications trades developed rapidly; and their added value reached 11.492 billion yuan, an increase of 18.3 percent over 1994.

A number of key transportation projects were completed and made available to users. Transportation conditions continuously improved. The comparison of the volume

of passengers and freight handled by the transportation departments between 1995 and 1994 was as follows: The volume of passengers and freight handled by railways rose by 0.7 percent and 3.4 percent; that by highways rose by 1.5 percent and minus 1.2 percent; and that by waterway rose by minus 21.7 percent and 0.4 percent. Thanks to the opening of Wuhan Tianhe Airport to traffic, a noticeable headway was made in air transportation. The volume of passengers transported from the province, the volume of passengers handled by the province, and the volume of freight transported by the province, respectively, increased 33.2 percent, 34.9 percent, and 42.7 percent.

The province made splendid achievements in developing post and telecommunications services, with business transactions totaling 2.946 billion yuan, an increase of 53.5 percent. Telephone subscribers numbered 2.188 million, an increase of 57.2 percent. Of this, urban telephone subscribers numbered 1.8 million, an increase of 50.9 percent; and rural telephone subscribers numbered 388,000, an increase of 95.1 percent. There were 729,000 beeper users, an increase of 87.8 percent; and 125,000 mobile phones, an increase of more than 200 percent.

#### 5. Domestic Trade and Commodity Prices

Consumer goods markets throughout the province were stable and thriving thanks to the steady growth in both supply and demand. Markets saw ample supplies, and the quality of consumer service saw steady improvement. The annual retail sales of consumer goods totaled 93.18 billion yuan, an increase of 28.7 percent from the preceding year, or an increase of 10.4 percent when inflation was taken into account. Of the total, the retail sales in urban areas came to 53.979 billion yuan, up 31.1 percent; and those in areas at and below the county level came to 39.201 billion yuan, up 25.6 percent. In the province's total retail sales of consumer goods, 25.959 billion yuan came to state-owned economy, up 22.3 percent from the preceding year; 16.603 billion yuan came to collective economy, up 22.9 percent; and 50.618 billion yuan came to other sectors, up 34.5 percent. Their proportions were 27.9, 17.8, and 54.3 percent, respectively.

The annual purchasing volume of material supply and marketing enterprises totaled 28.648 billion yuan, a decline of 6.5 percent from the preceding year; and their marketing volume was 32.065 billion yuan, a decline of 7.0 percent.

Initial success was achieved in curbing inflation, resulting in a notable decrease in price rises. The annual retail price increase declined from 24.6 percent in the preceding year to 16.6 percent, close to the price control target

defined by the provincial party committee and government at the beginning of the year. The increase in the cost of living prices for the people declined from 25.3 percent to 20.0 percent.

1995 Prices	Percentage Increase Over 1994
1. Cost of living prices for the people	20.0
Of which:	
urban areas	20.1
rural areas	19.9
food	25.4
grain	37.0
meat, poultry, and their products	29.6
oil and fat	12.4
eggs	17.7
aquatic products	12.1
fresh vegetables	34.5
clothing	14.6
equipment and articles for household use	6.8
medical service	13.1
means of transportation and communication	1.9
recreational, educational, and cultural goods	6.0
houses	11.6
services	35.4
2. Retail prices	16.6
Of which: urban areas	15.1
rural areas	18.3
3. Retail prices for means of agricultural production	29.0
4. Purchasing prices for farm products	15.7
5. Producer's prices of manufactured goods	13.1

#### 6. Foreign Economic Relations

Foreign economic relations saw further development. The annual imports and exports came to \$3.689 billion,



up 29.5 percent from the preceding year. Of the total, imports stood at \$1.359 billion, up 81.0 percent; and exports 2.33 billion, up 11.1 percent.

In foreign investment, a change was effected from expansion of the scale to adjustment of the structure. Eight hundred eighty-one foreign investment agreements worth \$1.088 billion were signed in the whole year, showing a decrease of 537 and 21.9 percent, respectively, from the preceding year. The actual input of direct foreign investment totaled \$623 million, an increase of 3.4 percent.

International tourism maintained a good momentum of steady development. The annual number of tourists came to 271,000, up 6.9 percent from the preceding year; and foreign exchange earned from tourism came to \$73.168 million, up 17.8 percent.

#### **7. Finance, Banking, and Insurance**

The reformed new financial system produced positive results. The annual revenue totaled 18.046 billion yuan, up 20.7 percent; of which local revenue was 9.961 billion yuan, up 28.6 percent. The annual expenditure totaled 16.223 billion yuan, up 18.2 percent.

The banking situation remained stable, and savings deposits saw fairly fast increase. The year-end balance of all the banks' savings deposits totaled 132.559 billion yuan, an increase of 27.499 billion yuan from the beginning of the year; and the balance of loans totaled 175.041 billion yuan, an increase of 35.041 billion yuan. The net amount of money put into circulation was 4.476 billion yuan, 2.289 billion yuan less than in the preceding year. The year-end balance of people's savings totaled 95.24 billion yuan, an increase of 35.6 percent, or 25.02 billion yuan, over the amount calculated at the beginning of the year.

Insurance service made further headway. The premiums for the property insurance of the provincial people's insurance company totaled 291.83 billion yuan, up 9.4 percent from the preceding year; and those for life insurance totaled 80.17 billion yuan, up 124.1 percent.

#### **8. Science and Technology, Education, Culture, Public Health, and Sports**

New progress was made in science and technology. Hubei scored 500 significant scientific and technological achievements at and above the provincial and ministerial levels, and 220 achievements won the provincial scientific and technological advance award or the spark award.

The technology markets expanded with each passing day. In the whole year, 7,727 technology contracts worth

1.259 billion yuan were signed, an increase of 5.6 percent and 9.2 percent, respectively, over the preceding year. Scientific and technological achievements transferred to industrial enterprises by scientific research institutes totaled 1,127.

Education developed steadily. In the whole year, 3,732 graduate students were recruited, fewer than in the preceding year; and the total number of graduate students stood at 11,000, an increase of 12.8 percent. Regular schools of higher learning recruited 54,000 students for regular and special courses, up 2.6 percent; and their total number of students totaled 183,000, up 7.4 percent.

Vocational and technical education saw rapid development. Vocational and technical schools had 579,000 students in the year, up 17.0 percent from the preceding year.

Basic education was further strengthened. Junior and senior high schools had 2.476 million students, an increase of 4.5 percent from the preceding year. Elementary schools had 6.742 million students, an increase of 4.3 percent. School attendance rate of school-age children came to 99.2 percent, and 88.7 percent of elementary school graduates attended schools at a higher grade.

Multi-form adult education was developed. Higher educational adult schools recruited 57,000 students, making their total number of students 171,000. Secondary specialized and technical adult schools trained 1.339 million students.

Cultural undertakings and public health were made flourish. By the end of the year, Hubei had 104 art performing groups, 196 cultural centers, 100 public libraries, 89 museums, 36 medium- and short-wave radio transmission stations, 56 television stations, 5,213 film projection units, and 55 television relay and transmission stations each with a capacity of over 1000 watts. It also had 131,000 hospital beds and 232,000 full-time health workers.

Sports developed vigorously. At important international competitions in 1995, two of Hubei's athletes broke world records on two occasions.

#### **9. Population and People's Life**

Family planning saw remarkable results. The annual birth rate was 16.18 per thousand, and death rate 6.91 per thousand, resulting in a natural population growth rate of 9.27 per thousand. Hubei's total population stood at 57,720,700, which was 532,600 more than in the preceding year.

Urban and rural people's income rose notably. On the part of urban residents, the per capita cost of

living income was 3,606 yuan, up 600 yuan, or 20.0 percent, from the preceding year. When inflation was considered, the income was by and large the same as in the preceding year. Peasants' per capita net income was 1,511 yuan, up 341 yuan, or 29.2 percent, from the preceding year. When inflation was considered, the actual increase was 8.6 percent. Due to the rather high inflation and the widening income discrepancy, the actual income of some low-income families declined.

Social welfare continued to develop. By the end of the year, welfare institutions had 56,000 beds accommodating 48,000 people. Social security networks were established in 48 percent of Hubei's towns and townships. Community service facilities totaled 8,703, up 18.0 percent from the preceding year.

Environmental protection saw faster development. Employees of environmental protection departments throughout the province totaled 4,360 by the end of the year, up 71 from the preceding year. There were 103 environment supervision and monitoring stations and 25 nature reserves in the province. Twelve new soot-control zones covering an area of 62.8 square km were established, an increase of 3 times and 1.5 times, respectively, over the preceding year; and 29 new zones, covering an area of 133.6 square km, were established where noise pollution was brought under the specified level.

Note: Figures in value terms on the GDP and added value quoted in this communique are at current prices, whereas growth rates are calculated at comparable prices.

### North Region

**PRC: Tianjin Issues 1995 Statistical Communique**  
SK2503143496 *Tianjin TIANJIN RIBAO in Chinese*  
26 Feb 96 p 2

[Statistical communique on Tianjin's 1995 economic and social development; issued by the Tianjin Statistical Bureau on 16 February]

[FBIS Translated Text] In 1995, all fronts across the municipality conscientiously implemented the guidelines of the central economic work conference; further deepened reform in line with the work demands of the municipal party committee and the municipal government on "promoting economic development to a new stage and various tasks to new levels, and on achieving new breakthroughs in crucial issues that promote the overall situation and in the weak links that restrict the overall situation," and the various work tasks defined at the beginning of the year; expanded opening up; gave impetus to work; achieved new progress in the "3-5-8-10" tar-

gets during the designated period; achieved new breakthroughs in key issues and weak links; enabled the economy to continuously maintain a fairly high development level on the basis of a fairly rapid increase during the previous two years; further enhanced the actual standards of living of urban and rural residents; achieved new progress in all social undertakings; and successfully fulfilled all targets and tasks defined during the Eighth Five-Year Plan period. It was expected that the GDP of the whole municipality in 1995 totalled 92 billion yuan, an increase of 14.5 percent over the previous year. Of this figure, the value added by tertiary industry totalled 35.61 billion yuan, an increase of 15.3 percent, and its proportion in the GDP rose from 37.9 percent in the previous year to 38.7 percent; the average per capita GDP was expected to rise from 8,164 yuan in the previous year to 10,290 yuan. The municipality's financial revenue totalled 11.734 billion yuan, up 22.2 percent. The main problems existing in economic life were the low quality and efficiency of economic growth, the deficit range and volume of fairly large enterprise, the low income of some enterprise workers, and the difficulty in the people's living.

### 1. Agriculture

Agricultural production developed rapidly. In 1995, the value added by agriculture throughout the entire municipality totalled 5.65 billion yuan, up 10.5 percent over the previous year, marking the year with the quickest growth in the 1990's. Grain output reached an all-time record, the annual output totalling 2,074,600 tonnes, an increase of 9 percent over the previous year, higher than the 1993 record by 3.8 percent; the per-mu yield of grain rose from 300 kg to 312 kg. New results were made in building the "vegetable basket project" and the major nonstaple foodstuffs steadily increased.

The output of major nonstaple foodstuffs was as follows:

	1995	Percentage increase over 1994
Grain output	2,074,600 tonnes	9.0
Cotton	11,200 tonnes	20.4
Oil-bearing crops	40,100 tonnes	-0.5
Fruits	199,200 tonnes	15.9
Vegetables	4,341,700 tonnes	6.5
Total output of meat	212,300 tonnes	15.2

of which:

	1995	Percentage increase over 1994
meat	121,600 tonnes	15.3
Poultry eggs	240,700 tonnes	-3.4
Milk	111,300 tonnes	12.9
Aquatic products	153,500 tonnes	19.4
Year-end figure of hogs in stock	879,700	-2.8
Hogs slaughtered during the year	1,628,900	16.7

The conditions of agricultural production continuously improved. By the end of 1995, the total power capacity of agricultural machines throughout the entire municipality totalled 5,324,500 kilowatt [kw], up 5.6 percent over the previous year. There were 27,600 heavy-duty trucks, an increase of 5.5 percent. Annual rural power consumption totalled 5.5 billion kilowatt hours [kwh], an increase of 30 percent.

## 2. Industry and Building Industry

Industrial development was further accelerated. By the end of 1995, the value added by industry in the municipality totalled 45.26 billion yuan, up 14.6 percent over the previous year; the total industrial output totalled 191.08 billion yuan, up 23.9 percent. Comprehensive development was seen in various economic sectors. The output value of all state-owned industrial units (including the state-owned portions of the "three types of foreign-funded" enterprises, shareholding, and jointly-operated enterprises), increased by 9.7 percent; that of the "three types of foreign-funded" industry increased by 32.1 percent; and that of township industry increased by 27.4 percent.

Industry was further restructured. The output value of industries at and above the township level throughout Tianjin totaled 115.757 billion yuan in 1995, an increase of 16.3 percent from the preceding year. Of the total, the output value of heavy industry stood at 61.557 billion yuan, up 10.5 percent, and that of light industry stood at 54.2 billion yuan, up 23.5 percent. The ratio between light and heavy industry changed from 44.6 to 55.4 in 1994 into 46.8 to 53.2.

The economic efficiency of industry showed improvement. The sales income of Tianjin's industrial enterprises at and above the township level, which practiced independent accounting, totaled 135.529 billion yuan in 1995, up 33.8 percent from the preceding year; their profits and taxes totaled 13.763 billion yuan, up 28.7 percent, of which profits stood at 6.64 billion yuan, up

43.9 percent. Their product marketing rate was 98.1 percent.

### Output of major industrial products is listed as follows:

	1995	Percentage increase over 1994
Natural gas	757 million cubic meters	1.4
Crude oil	5.510 million tonnes	-5.6
Crude salt	1.876 million tonnes	-12.2
Electricity	12.165 billion kwh	-3.0
Pig iron	1.631 million tonnes	7.9
Steel	1,478,600 tonnes	-20.1
Rolled steel	1,465,000 tonnes	-25.1
Cement	1,706,900 tonnes	9.6
Plate glass	2,225,900 weight boxes	-45.3
Soda ash	631,600 tonnes	0.5
Caustic soda	321,100 tonnes	11.7
Machine-made paper and paperboard	244,600 tonnes	17.8
Chemical fertilizer	100,800 tonnes	7.4
Plastics	160,900 tonnes	0.9
Plastic products	76,000 tonnes	5.2
Dyestuff	28,200 tonnes	35.4
Chemical fibers	91,500 tonnes	3.3
Synthetic detergent	106,100 tonnes	14.6
Metal-cutting machine tools	479	-48.2
Program-controlled switchboards	1,018,200 lines	-0.7
Computers	94	6.8
Cars	130,800	6.8
of which:		
Carude cars [as transliterated]	65,000	11.1
Motorcycles	188,000	73.7



	1995	Percentage increase over 1994
Internal-combustion engines	5,282,600 kilowatts	74.5
Yarn (combined figure)	108,400 tonnes	-1.9
Knitting wool	8,550 tonnes	54.4
Cloth (combined figure)	339 million meters	-3.5
Garments	95,294,000 pieces	-1.2
Cigarettes	190,100 cases	-21.8
Cameras	365,500	300
Sewing machines	125,400	-31.4
Household washing machines	599,400	-7.5
Household refrigerators	34,100	-32.6
Television sets	1,612,100	30.0
of which: color sets	1,095,400	35.5
Recorders	239,900	28.4
Bicycles	2,066,600	-26.8
Video recorders	406,500	91.7

The construction industry further developed. Tianjin's 1995 annual added value to the construction industry totalled 5.48 billion yuan, an increase of 13.1 percent from the preceding year. Construction and installation enterprises throughout Tianjin created 13.503 billion yuan in output value in 1995, an increase of 27.2 percent from the preceding year. They undertook construction of 12,859,400 square meters of houses, an increase of 17.7 percent, and completed construction of 4,101,600 square meters, an increase of 3.5 percent.

### 3. Domestic Trade and Prices

The scale of commodity circulation further expanded, with large trade and large circulation being initially formed. In 1995, the value added by wholesale, retail, transaction, and catering businesses totalled 8.45 billion yuan, an increase of 15 percent as compared with the previous year. Goods purchased for domestic sale totalled 62.54 billion yuan, and total sales reached 68.599 billion yuan, an increase of 14.5 percent and 14.9 percent, respectively, as compared with the previous year.

Retail markets were brisk and flourishing. The retail sales of consumption goods within the municipality to-

taled 37.378 billion yuan, up 23.2 percent. Of these total, food increased 30.8 percent, clothing increased 24.6 percent, and daily necessities increased 14.5 percent.

Wholesale markets continued to develop. In 1995, the transactions of 18 wholesale markets for means of production—such as Beiyang steel material, steel and iron furnace charges, coal, industrial material, raw material for textiles, and automobiles—totalled 97.833 billion yuan. The transaction of 15 large wholesale markets for consumer goods—such as Beifang sugar, grains, and the Dahutong Department Store—totalled 6.737 billion yuan, an increase of 31.7 percent over the previous year.

Conspicuous results were achieved in price control. Inflation in 1995 was lower than in 1994, and it stayed fairly low among the 35 large and medium cities within the state.

#### The 1995 price index is as follows (1994 figure was 100):

urban retail price index	110.6
urban consumer price index	115.3
of which:	
food	121.5
clothing	107.2
household equipment and necessities	104.4
medicare	115.5
transport and communication means	98.4
means for entertainment, education, and culture	102.0
housing	116.0
service price index	112.8

### 4. Foreign Economy and Regional Cooperation at Home

New breakthroughs were achieved in opening up to the outside world. Use of foreign funds maintained an increasing momentum. In 1995, Tianjin signed 1,389 projects of three types of foreign-funded enterprises, with the investment involved totalling \$3.851 billion, an increase of 9.9 percent over the previous year. Large-scale projects saw noticeable increase. In 1995, Tianjin signed 89 projects, each involving more than \$5 million, an increase of 4.7 percent over 1994. Up until the end

of 1995, the projects of the three types of foreign-funded enterprises totalled 9,410, and the investment involved totalled \$11.705 billion. In 1995, the actual foreign investment input totalled \$2.11 billion yuan, an increase of 18.9 percent over the previous year. Of this, the direct foreign investment totalled \$1.521 billion, an increase of 49.8 percent. Up until the end of 1995, the actual investment input totalled \$7.903 billion, and of this, direct foreign investment totalled \$3.754 billion.

The construction and development of new coastal areas was accelerated. In 1995, the GDP of new coastal areas totalled 24.164 billion yuan, an increase of 27.3 percent over the previous year, or 26.3 percent of the GDP of the entire municipality. Fixed assets investment totalled 13.192 billion yuan, an increase of 23.2 percent. The industrial output value totaled 37.395 billion yuan, an increase of 39.4 percent. The development zone and the bonded area maintained a strong momentum of development. In 1995, the GDP of the development zone increased 52.4 percent as compared with the previous year; the industrial output value increased 64 percent; and exports increased 65.6 percent. The GDP of the bonded area increased 65.3 percent, and exports grew 94 percent.

The import and export trade further developed. In 1995, the value of imports and exports through Tianjin Harbor totaled \$21.746 billion, an increase of 35 percent over 1994. Of this, the value of imports totalled \$8.966 billion, an increase of 20 percent; that of exports totalled \$12.781 billion, an increase of 47 percent. The municipality rewrote history in foreign trade export value. The value of exports through foreign trade during the year totaled \$2.9 billion, an increase of 21.7 percent. Of this, exports by foreign trade specialized companies totaled \$1.301 billion, an increase of 5.8 percent; exports by industrial trade companies totalled \$598 million, an increase of 35.2 percent; and exports by three types of foreign-funded enterprises totalled \$1.001 billion, an increase of 41 percent. The share of exports by these enterprises in the municipality's total rose from 29.8 percent to 34.5 percent.

External economic and technological cooperation and international tourism continued to develop. In 1995, 1,019 contracts were signed for undertaking overseas projects and for conducting cooperation in labor spheres; \$112 million were involved in these contracts, with the business volume of these contracts totalling \$81.18 million. In 1995, 206,600 tourists were received, an increase of 19.5 percent. Of these, 162,700 were foreigners, an increase of 26.2 percent.

Greater headway was made in economic cooperation with domestic areas. By the end of 1995, 1,341 organi-

zations and 3,644 economic agencies were established in Tianjin by departments from other provinces, municipalities, and regions. A total of 11,698 economic cooperation contracts and 10,630 technological cooperation contracts were signed during the year. Agreements on the use of 4.084 billion yuan in domestic capital were signed, an increase of 22.1 percent; 2.26 billion yuan in domestic capital were actually used, an increase of 110 percent.

### 5. Transport, Posts, and Telecommunications

Transport and communications developed at a rapid pace. The value added by the transport, posts, and telecommunications trades totaled 8.399 billion yuan, an increase of 14.5 percent.

The volume of transportation by various means was as follows:

	1995	Percentage Increase over 1994
Freight transported from Tianjin	280.619 million tonnes	-0.4
of this: railway	76.362 million tonnes	2.1
freight transported by railways within Tianjin	27.045 million tonnes	2.3
highway	190 million tonnes	-1.4
waterway	14.2 million tonnes	0
airway	48,000 tonnes	110
Volume of freight transport	190.008 billion tonnes	5.7
of this: railway	73.67 billion tonnes	5.3
freight transported by railways within Tianjin	22.95 billion tonnes	2.0
highway	3.76 billion tonnes	-18.1
waterway	112.65 billion tonnes	7.0
Volume of passenger transport	49.046 million person/km	-3.5
of this: railway	33.472 million person/km	-6.4
passengers transported by railways within Tianjin	18.031 million person/km	-3.2

	1995	Percentage increase over 1994
highway	15.2 million person/km	3.9
airway	374,000 person/km	-8.8
Cargo handled through ports	57.867 million tonnes	24.4
of this:		
export	45.508 million tonnes	29.8
import	12.359 million tonnes	7.9
Cargo handled through airports	57,000 tonnes	62.9
Passengers handled through airports	757,000 persons	-7.8

Great breakthroughs were made in post and telecommunications. In 1995, the postal and telecommunications business volume totaled 1.872 billion yuan, an increase of 41.3 percent. By the end of 1995, the municipality's program-controlled telephone switchboard capacity totaled 1.5 million lines, an increase of 396,000 lines. There were 1.352 million telephone subscribers, an increase of 40.8 percent. As regards telephones, 15.1 out of every 100 people had one, an increase of 4.3 over 1994.

#### 6. Banking and Insurance

Banking and insurance made new headway. The added value of Tianjin's banking and insurance business totaled 7.18 billion yuan in 1995, an increase of 14.5 percent from the preceding year. Monetary institutions of various categories numbered 2,333 by the end of the year. Money markets saw fairly rapid development. The annual transactions in Tianjin's securities markets totaled 163 billion yuan, and the amount of foreign exchange regulated in the market totaled \$2.36 billion.

The monetary situation remained stable. By the end of 1995, the balance of various savings deposits in Tianjin's monetary institutions totaled 111.766 billion yuan, an increase of 28.417 billion yuan from the figure calculated at the beginning of the year; the balance of loans totaled 115.164 billion yuan, an increase of 18.851 billion yuan. The increase of savings was 9.566 billion yuan higher than that of loans.

The work to withdraw money from circulation was fairly good. The 1995 cash income of all banks in Tianjin totaled 128.546 billion yuan, an increase of 44.1 percent from the preceding year; their cash expenditure

totalled 127.546 billion yuan, an increase of 42.8 percent. In this way, 1 billion yuan was withdrawn from circulation, an increase of 1.12 billion yuan from the preceding year.

The insurance business continued to develop. Tianjin's premium income stood at 1.24 billion yuan in 1995, an increase of 24.4 percent from the preceding year. The People's Insurance Company opened more than 170 insurance programs for domestic and foreign insurance policy buyers, and the volume of insured assets totaled 172.4 billion yuan.

#### 7. Science and Technology

Scientific research generated fruitful results. Tianjin registered 552 scientific and technological achievements in 1995, of which 34 led in the world, and 122 reached advanced levels in the world. The application of scientific and technological achievements totaled 71.8 percent.

Patent applications totaled 1,520 in 1995, of which 1,000 were approved. By the end of 1995, Tianjin had handled 12,616 patent applications and approved 7,261.

The technology markets saw rapid development. Tianjin signed 10,630 technological contracts in 1995, with the transactions totalling 1.212 billion yuan, an increase of 27.3 percent from the preceding year. Six technology export contracts were signed in the year, earning \$102.4 million, an increase of 27.7 percent.

New-tech industrial parks saw the establishment of 635 new enterprises in 1995, increasing their total number of enterprises to 2,222 and their employees to 44,600. The annual income from technological work, manufacturing, and trade totaled 6.194 billion yuan, an increase of 49 percent from the preceding year; the output value totaled 5.872 billion yuan, an increase of 47.6 percent; and profits and taxes totaled 737 million yuan, an increase of 2.6 times.

#### 8. Education, Culture, Public Health, and Sports

Continuous progress was achieved in education. By the end of 1995, Tianjin had 25 regular institutes of higher learning, with 68,100 students attending regular and special courses; 964 doctoral candidates; and 5,096 graduates students pursuing master's degree. A total of 20,200 students graduated from these institutes; another 167 graduated with a doctor's degree, and 1,031 graduated with a master's degree. Adult schools at college level totaled 44, which had 59,400 students, graduating 17,200 of them. Regular secondary specialized schools numbered 75, which had 59,700 students, graduating 10,700 of them. Ordinary high schools totaled 716, which had



456,300 students, graduating 116,700 of them. Elementary schools totaled 3,216, which had 884,500 students, graduating 156,600 students. A total of 96.6 percent of elementary school graduates attended schools at a higher grade.

Cultural undertakings were brisk and sound. By the end of 1995, the municipality possessed 19 art performing troupes, 14 museums, and 31 public libraries with 6.76 million books, as well as 127 cinemas, theaters, public rostrums, and clubs. During the year, 49.567 million copies of magazines of various categories and 532 million copies of newspapers were published. "All-round success" was seen in the project to "produce one good book, one good drama, one outstanding TV play, one outstanding film, and one convincing article" in the national appraisal; great success was achieved in the PRC's first Beijing Opera Festival.

Medical and health-care conditions were further improved. By the end of 1995, the municipality had 3,182 medical and health-care organs, of which 416 were hospitals. There were 37,280 hospital beds by the end of the year, an increase of 123 hospital beds over the previous year; the municipality had 71,806 health workers and technicians, of whom 33,693 were doctors.

Gratifying achievements were made in sports work. In 1995, Tianjin Municipality successively held the 43rd World Table Tennis Championship. During the year, municipal athletes won five gold medals and two silver medals at intercontinental competitions or above, and won 9 gold medals and 11 silver medals at national high-level competitions. All-people health exercise was vigorously carried out.

#### **9. Investment in Fixed Assets**

In 1995 the municipality's social investment in fixed assets totalled 38.7 billion yuan, an increase of 22.5 percent over the previous year. Of this figure, local social investment totalled 31.389 billion yuan, an increase of 22.2 percent. Investment in state-owned units totalled 32.656 billion yuan, an increase of 22.6 percent, and urban and rural individual investments totalled 1.13 billion yuan, an increase of 7.5 percent.

The investment structure was further adjusted. In 1995, investment in primary industry totalled 273 million yuan, an increase of 34.3 percent over the previous year; investment in secondary industry totalled 18.083 billion yuan, an increase of 44.5 percent; and investment in tertiary industry totalled 14.299 billion yuan, an increase of 3.5 percent. Industrial investment was strengthened. In 1995, the municipal investment in state-owned industry totalled 18.08 billion yuan, an increase of 44.5 percent over the previous year. Of this figure, investment

in petroleum, power, and other basic raw materials and energy industries totalled 10.97 billion yuan, accounting for 60.7 percent of the total industrial investment. In 1995, investment in technical transformation of local industry totalled 4 billion yuan, an increase of 3.9 percent.

Smooth progress was achieved in the construction of key projects. The municipality invested 8.76 billion yuan in key construction projects. Fourteen projects were completed and put into operation or production. The remaining 36 projects all attained the demanded progress set within the plan.

#### **10. Population, Employment, and People's Living**

By the end of 1995, there were 9,418,300 permanent residents in the municipality, an increase of 65,500 over the figure released at the end of the previous year, an increase of 0.7 percent. The annual population birth rate totalled 10.23 per thousand, the death rate totalled 6.23 per thousand, and the natural population growth rate totalled 4 per thousand. The year-end population with household registration was 8,946,700 people, an increase of 41,100 people over the figure registered at the end of the previous year.

Up until the end of 1995, the number of staff members and workers within the entire municipality totalled 2.895 million. Of this total, 1.99 million worked for state-owned units, 653,000 for collective units, and 252,000 for other units. Up until the end of 1995, the qualified personnel markets and labor service markets received 17,700 employment units. A total of 1,600,000 people looked for jobs through consultation, and 379,100 reached an initial agreement.

The income of urban and rural areas continued to increase, and the standard of living further improved. In 1995, payments to staff members and workers totalled 18.413 billion yuan, an increase of 19.5 percent as compared with the previous year. The average salary was 6,459 yuan, an increase of 20.4 percent. According to the sample survey of urban and rural inhabitants, the urban per capita income for living expenses in 1995 totalled 4,626.4 yuan, an increase of 24.2 percent over the previous year. After allowing for the price increase factor, the actual increase totalled 7.7 percent. Per capita living expenses totalled 4064.1 yuan, an increase of 23.1 percent. After allowing for the price increase factor, the actual growth totalled 6.8 percent. The per capita net income for peasants in 1995 totalled 2,531 yuan, an increase of 29.4 percent over the previous year. Per capita living expenses in 1995 totalled 1,717 yuan, an increase of 34.7 percent.

Large increases in saving deposits were seen in urban and rural areas. Up until the end of 1995, the saving deposits of urban and rural citizens totalled 54.997 billion yuan, an increase of 15.540 billion yuan. Of this total, the saving deposits of urban citizens totalled 46.009 billion yuan, an increase of 13.242 billion yuan, and that of rural citizens totalled 8.988 billion yuan, an increase of 2.098 billion yuan.

Living conditions for urban and rural citizens were further improved. Up until the end of 1995, the per capita living area for urban citizens totalled 7.5 square meters, while that for rural citizens totalled 19.46 square meters, an increase of 0.4 square meters over the previous year. The twenty substantial tasks set forth by the municipal government for the benefit of the people living in urban and rural areas were all achieved.

Notes: 1. Added value refers to the value of the final products and labor services produced and supplied by enterprises, institutions, administrative units, and individual producers of all economic departments in a designated period.

2. GDP refers to the value of the final products and services produced and supplied by a country (or region) in a designated period, that is, the sum of the added value of all economic departments.

3. GDP and added value were calculated at the prices for the same year, and the growth rate was calculated according to comparable prices.

4. All the 1995 figures were bulletin figures.

**PRC: Taiwan Professor Interviewed on Cross-Strait Ties***OW2303213296 Hong Kong ZHONGGUO TONGXUN SHE in Chinese 0901 GMT 23 Mar 96*

["Special article" by reporter Li Xiaozhun (2621 1321 6150): "The Three Major Basic Points for Improving Cross-Strait Relations — Interviewing Ma Qihua, Doctoral Class Professor of Taiwan's Chengchi University"]

[FBIS Translated Text] Taipei [Taipei], 23 Mar (ZHONGGUO TONGXUN SHE) — During an interview with ZTS, Ma Qihua, president of Taiwan's China Association and professor of the doctoral class of the Institute of East Asian Studies at Taiwan's Chengchi University, pointed out that, in order to break the impasse and improve relations, the two sides of the strait must follow three basic principles — namely: Insisting on peaceful reunification, upholding the "one China" policy, and firmly rejecting "Taiwan independence." Professor Ma noted that only when the two sides share a common understanding on these three major issues can there be genuine peaceful negotiations between the two sides, and can cross-strait relations improve and develop in a healthy manner.

According to Professor Ma's analysis, the development of cross-strait relations after Taiwan's general election is over will be determined by three factors: 1) Whether or not Taiwan's powerholders will change their policy for the development of cross-strait relations; 2) whether or not the CPC [zhong gong 0022 0364] will readjust its Taiwan policy; and 3) whether or not the United States will change its China policy.

He maintained that the U.S. Government's position on mainland-Taiwan relations has been quite consistent [xiang dan gu ding 4161 3981 0942 1353] over the past decade or so — a position which maintains that the two sides should settle their differences peacefully and not by force. He said he believed the United States would not change this position. However, he said, the United States' recent moves to dispatch warships to patrol the Taiwan Strait [as received] and keep watch on the Chinese Communists' military exercises would affect Sino-U.S. relations and may prompt the two sides to readjust their respective foreign policies.

Professor Ma said: The United States has now involved itself militarily in the Taiwan Strait primarily because the United States is considering its economic and strategic interests in the western Pacific, especially the importance of its overall interests in the Taiwan region. However, although the United States claims that it wants the two sides of the strait to settle their differences

peacefully, deep in its mind it does not want to see a reunification of the two sides.

On the other hand, the Taiwan authorities might readjust their mainland policy, hoping that, through peaceful negotiations, the two sides will sign a peace accord to conclude cross-strait hostilities and achieve reunification in the future. This may become a post-election priority for developing and improving cross-strait relations. However, owing to the Taiwan authorities' precondition that the CPC must promise to renounce the use of force against Taiwan, the prospects for cross-strait relations remain uncertain. This is because peaceful talks are not something that can be achieved by one side alone.

Moreover, the CPC's Taiwan policy is quite specific — namely: The "one China" principle must be upheld; and while it stands for "peaceful reunification," it does not commit to the non-use of force against Taiwan. This can be considered as the CPC's basic point governing the development of cross-strait relations. The two sides, however, still differ in defining the term "one China," and in the foreseeable future, the Taiwan authorities may not be able to commit to firmly rejecting "Taiwan independence."

This being the case, there are still barriers obstructing the development of cross-strait relations if the two sides are unable to reach a common understanding on these three major issues: "Peaceful reunification," "one China," and "rejecting Taiwan independence."

Professor Ma Qihua pointed out: If cross-strait relations become increasingly strained instead of improving, Taiwan will be in a disadvantageous position in the long run because the chips which the Taiwan authorities have had for bargaining in cross-strait interactions are getting fewer and fewer. Take the "three links" [postal, shipping, and commercial links] between the two sides, for example. Currently the two sides' economic and trade relations are linked indirectly through Hong Kong. When Hong Kong is returned to China and becomes a "special administrative region" under the mainland's jurisdiction in 1997, the shipping link between the two sides at that time will essentially become a direct shipping link. Thus, Professor Ma maintained that, if the Taiwan authorities are sensible, the earlier the negotiations for the "three links" are held, the better off it will be.

**PRC: XINHUA English Reports Taiwan Affairs Office Interview***OW2303171896 Beijing XINHUA in English 1703 GMT 23 Mar 96*

[FBIS Transcribed Text] Beijing, March 23 (XINHUA) — There is only one China in the world, and Taiwan



is an inalienable part of China. Neither the changes in the way in which the Taiwan leaders are produced nor their result can change the fact that Taiwan is a part of China's territory.

A leading member of the Information Bureau of the Taiwan Affairs Office under the State Council said this in an interview with XINHUA here tonight following the end of the activities concerning the way in which the leaders in Taiwan region are produced.

"Our stand on developing the relations across the Taiwan Straits on the basis of the principle of one China is consistent and so is our stand on firmly opposing creating 'two Chinas', 'one China, one Taiwan' or 'Taiwan independence'," he said.

"The question of Taiwan is purely China's internal affairs. We oppose any foreign forces to interference in China's internal affairs in any form or under any pretext," he stressed. [sentence as received]

"We place our hopes on the Taiwan people and ardently call on all the Chinese, including Taiwan compatriots, to join hands and make unremitting efforts to oppose separatism and 'Taiwan independence', and develop the relations across the Taiwan Straits and promote the reunification of the motherland," he said.

**PRC: Taiwan Investment in Fujian Grows**

*OW2203142296 Beijing XINHUA in English*  
*0802 GMT 22 Mar 96*

[FBIS Transcribed Text] Fuzhou, March 22 (XINHUA) — By the end of last year east China's Fujian Province had approved the establishment of 4,170 Taiwan-invested companies, involving four billion US dollars of Taiwan funds.

Taiwan has become the second-largest investment source for the province, according to the local government.

Fujian, as one of the earliest provinces in the country to adopt the opening-up policy, took the lead in wooing Taiwan funds.

Its advantageous geographical position of being close to Taiwan island and the local government's efficient work style have promoted the development of Taiwan investment.

A lot of large Taiwan-invested projects have been introduced to the province. In 1995, for example, 22

Taiwan-funded projects involving over 10 million US dollars each were carried out in the province.

The investment structure was further improved with more and more funds flowing into the agriculture and service sectors. Last year 2.3 percent of Taiwan investment flowed into agriculture, while 76 percent went into manufacturing and 21 percent into the service sector.

Social stability and the improved investment environment have brought abundant economic returns for Taiwan businessmen.

Incomplete statistics show that 85 percent of the Taiwan-funded companies in the province are profitable.

**PRC: More Taiwan-Funded Firms Registered in Hainan**

*OW2403051996 Beijing XINHUA in English*  
*0234 GMT 24 Mar 96*

[FBIS Transcribed Text] Haikou, March 24 (XINHUA) — Another 10 solely Taiwan-invested companies have been registered in this capital of south China's Hainan Province since the beginning of this year.

They mainly involve in mid- and long-term industrial and agricultural projects with a total investment of 2.8 million US dollars.

According to the chairman of a Taiwan-invested tin can company here, although the competition is very severe on the domestic market, his company still accomplished a production value of over 20 million yuan last year.

The manager of a Taiwan-invested motorcycle parts company said that prices are stable here and his employees are working well.

According to officials of the municipal economic co-operation department, although the increase rate of Taiwan-investment companies in the province has dropped, the investment scale keeps growing, and most Taiwan-funded companies, especially those involved in agricultural development, are operating well.

The province has published some regulations concerning the protection of Taiwan investment and the status of Taiwan compatriots in Hainan.

**Taiwan: Mainland Urged To Understand Popular Will, Democracy***OW2603093096 Taipei CHUNG-YANG JIH-PAO in Chinese 25 Mar 96 p 2*

[FBIS Translated Text] In view of the remarks made by the person in charge of the Chinese Communists' "Information Bureau of the Taiwan Affairs Office under the State Council" and Shen Guofang, a spokesman of their "Ministry of Foreign Affairs," Kao Kung-lien, a spokesman of the Mainland Affairs Council of the Executive Yuan, said on 24 March: It is unnecessary to make any responses. He stressed: It is our hope that the mainland will understand the operation of our entire democratic system and Taiwan's popular will and handle cross-relations with patience and political wisdom.

Kao Lung-lien said: After creating an economic miracle, Taiwan has further made great success in democratic politics. We hope that the mainland will understand the operation of our entire democratic system and popular will and handle the affairs of the two sides of the strait with patience and political wisdom and also hope that the two sides of the strait will develop relations on the basis of safety, reciprocity, and respect, maintain peace and stability across the strait, and let the Chinese live a better and more honorable life.

The Chinese Communists issued a statement on 24 March, in the name of the person in charge of the "Information Bureau of the Taiwan Affairs Office," indicating that "the change in the modes of Taiwan leaders coming into being and its results will not change the fact that Taiwan is part of Chinese territory." At an interview with the Hong Kong-based WEN WEI PO, Shen Guofang, a spokesman of the Chinese Communists' "Ministry" of Foreign Affairs, said: "The Chinese Communist side deems it not important for Taiwan to hold such elections and their results. No matter what the results the elections brought about, they will not change the fact that Taiwan leaders are just leaders of a region of China." Kao Kung-lien said: It is unnecessary for him to make any comments on the statements mentioned above.

**Taiwan: Lien Chan Urges PRC To Resume Negotiations***OW2603073496 Taipei CHUNG-KUO SHIH-PAO in Chinese 25 Mar 96 pp 1, 2*

[New conference given by Taiwan Vice President-elect Lien Chan with unidentified reporters on 24 March in Taipei]

[FBIS Translated Text] At a press conference on the afternoon of 24 March, the Republic of China [ROC]'s ninth vice president-elect Lien Chan said that the issue of signing a peace agreement with the other side of the strait should be given careful thought. This is a very important matter, which should be discussed at various levels in advance and step by step before the final confirmation is made at the top leadership level. As for whether or not the government will convene a "state affairs conference on cross-strait relations" he said: This is the most important issue concerning national development. We should extensively solicit opinions and advice from various circles in order to achieve a consensus; but it is not necessarily to be conducted in the form of a conference on state affairs.

On the afternoon of 24 March, Lien Chan gave a brief post-election press conference, sponsored by the Government Information Office at the Taipei International Conference Center. At the press conference, the cross-strait issue remained the focus of the media. Lien Chan urged the Chinese Communists to promptly abandon the zero-sum mentality and expeditiously reopen the channel of negotiations so that relations between the two sides can gradually head toward a conciliatory and friendly direction.

Following are full text of questions and answers at the press conference.

[Reporter] President Li and you received more than 50 percent of the votes, as you had hoped for before the election. What impact, do you think, such an election outcome will have on the development of cross-strait relations?

[Lien] First and foremost, I would like to take this opportunity to formally extend congratulations once again to President Li. To be elected by the majority votes means that a very important responsibility lies ahead. I would also like to thank all countrymen and express my sincere gratitude to the campaign headquarters, support and advisory groups, and all those who worked arduously during the campaign. The high percentage ballot indicates that the government's administration was affirmed by the overwhelming majority of the public. From now on, we shall go all out to work in a down-to-earth and step-by-step way in line with the direction

of ideals and conviction set forth by President Li so as to live up to the trust of all countrymen. As far as cross-strait relations are concerned, I have always emphasized that the two sides should promote exchanges under a big peaceful climate, a climate of mutual benefit, coexistence, and common prosperity. We should try our utmost to jettison any practice that can harm national feelings, and should avoid unnecessary misunderstanding. As a matter of fact, the ROC has always followed the clear and unequivocal direction, goal, and practices for national development.

[Reporter] Taiwan's increased international visibility as a result of the election and the popular support reinforced by the ballot you received in the election may further displease the Chinese Communists. Will this impede the implementation of your pragmatic diplomacy in the future?

[Lien] I agree that the ballot indicates a strong popular support and trust. As for the mainland policy, I have repeatedly emphasized that the two sides should gradually develop conciliatory and friendly relations under the principle of goodwill and equality.

As I said a few days ago, this policy should be interpreted as one that would make "both sides win." To this end, both should make efforts. What is of vital importance in the future is that the Chinese Communist regime should abandon their "zero-sum" mentality. Basically I am optimistic about cross-strait relations; but time is needed.

[Reporter] During the election campaign, President Li said the most important task for the next, ninth president is to sign a peace agreement across the strait. Is it possible that you will represent our side to conduct discussions and talks with the other sides?

[Lien] I believe at the crux of the problem is that in the absence of communication and consultation, cross-strait relations are at a low ebb now. We earnestly hope that the channel of negotiations, which had been established through painstaking efforts, should be reopened as soon as possible. Cross-strait trade and economic relations are extremely important; and herein lie the most substantive common interests. It is essential to ensure the further development of this aspect at the present and in the future. The so-called peace agreement is a major issue which should be given careful thought. Issues similar to this, I personally believe, should be discussed at various levels in advance and step by step before the final confirmation is made by leaders at the top level face to face. It cannot be accomplished in one stroke, because it involves a great deal of preparations as far as the technicality is concerned.

[Reporter] With the election already over, will the government try to pursue a new policy in cross-strait relations?

[Lien] As I have emphasized, we should try to reopen the channel of negotiations, the sooner the better. Reopening the channel of negotiations can enhance mutual understanding and help promote the relaxation of relations between the two sides. I believe that the two sides should maintain harmonious exchanges and smooth contacts. Another focal point is that the two sides should strengthen trade and economic relations and should solve any problem involving trade and economic relations as soon as possible. As for the issue of signing a cross-strait peace agreement, I have emphasized just now that we will carefully consider this issue, but it will take some time for preparations.

[Reporter] As we understand, there are vast differences in our country concerning the future development of cross-strait relations. Some people proposed convening a state affairs conference for reaching a consensus on cross-strait relations. Do you think the proposal is feasible?

[Lien] I think it should not necessarily be a "state affairs conference," because the conference's name may damage its meaning. However, I believe this is the most important issue concerning national development. Therefore, it is essential to reach a consensus by extensively soliciting and listening to opinions and advice from various circles on the direction the country should be heading — especially how cross-strait relations should be developed. Nevertheless, I do not want it to be a state affairs conference because those things are two different matters.

[Reporter] When President Li chose Vice President Li Yuan-tzu as his vice presidential running mate in the previous election, people called Li Yuan-tzu a silent man. In the next four years, what role do you expect to play as the vice president?

[Lien] What do you think? (All in attendance burst into laughter, including Lien himself.) I would like to answer concrete matters after I am inaugurated officially. However, as I have said time and again, vice presidency is a post with supporting and assisting responsibilities. I can serve the president by utilizing the various experiences I have accumulated while working in both central and local governments.

[Reporter] You said before that, after becoming the vice president, you would not be the premier concurrently. However, after you were elected, people asserted that this election was meant by President Li to pave the way for you [to become the future president]. Have you ever



thought about your edge over the Kuomintang's middle generation in the competition four years from now, if you do not assume the premiership concurrently and are devoid of administrative resources?

[Lien] I believe that government service is a kind of dedication. This is the view from which one should proceed in analyzing national political development as well as the future of individuals. It is an honor as well as a job opportunity. To always adhere to my original idea and to do my job well is the principle for conducting myself and handling my duties.

**Taiwan: Beijing Expected To Adopt 'Conciliatory Stance'**

*HK2603062396 Hong Kong SOUTH CHINA MORNING POST in English 26 Mar 96 p 1*

[By Willy Wo-Lap Lam]

[PTS Transcribed Text for FBIS] China has decided to adopt a more conciliatory stance towards Taiwan, at least until President Lee Teng-hui's [Li Teng-hui's] new term begins on May 20.

Chinese sources said yesterday that the Communist Party leadership had called a Politburo meeting soon after Mr Lee's victory in Saturday's presidential election to reassess its Taiwan policy.

The Politburo conclave decided to give Mr Lee a couple of months to show his sincerity in re-committing himself to a "one China" policy.

Even though the estimated 150,000 People's Liberation Army troops would remain on alert along China's south-east coast, no new manoeuvres would be undertaken in the near future, the source said.

The leadership laid down criteria for the resumption of talks between semi-official bodies of both sides.

While the conditions revolved around Taipei's reining in its "flexible diplomacy", two were cited specifically.

One was a drastic downgrading of Taipei's campaign to rejoin the United Nations.

The other was a pledge not to make use of international forums, such as the Asia Pacific Economic Co-operation conferences, to promote "one China, one Taiwan".

The Politburo noted that the "eight-point peace initiative" first raised by President Jiang Zemin in January 1995 was still valid.

Moreover, the Politburo decided to temporarily stop personal attacks on Mr Lee.

It agreed to "recognise" last weekend's ballots as "a regional-level election", with Beijing respecting the choice of the Taiwan people.

The Politburo stressed however, it would switch back to "missile diplomacy" if Mr Lee was again found to be double-dealing.

Upon instructions from the top body, officials including the Foreign Ministry spokesman Shen Guofeng have given numerous interviews to foreign and Hong Kong media.

Speaking to the London-based WTN, Mr Shen reiterated "the door to negotiations is still open" so long as Taipei dropped its pursuit of "two Chinas or one China and one Taiwan".

The military appeared to be toeing the Politburo's new line yesterday, as the "third wave" of military exercises finished with no mention of plans for new drills.

Reacting to China's announcement, Kao Koonglian, vice-chairman of Taiwan's Mainland Affairs Council, called on China to bury the hatchet.

"We hope they can move towards the positive side and use peace to develop cross-strait relations," he said.

Earlier, Taiwan Governor James Soong had said reunification could be achieved in four years as long as Beijing agreed on democratic presidential elections embracing both China and Taiwan.

"As long as China can make up its mind four years from now to elect the president of all China, that will be the time of the real reunification."

**Taiwan: Li Teng-hui Says Door To Talks 'Always Open'**

*OW2603055596 Hong Kong AFP in English 0528 GMT 26 Mar 96*

[FBIS Transcribed Text] Taipei, March 26 (AFP) — Taiwanese President Li Teng-hui Tuesday [26 March] reiterated the country's policy of seeking reunification with China, saying "the door to cross-strait negotiations is always open."

Li won a landslide second term in Saturday's historic presidential polls, garnering close to 54 percent of the vote.

"National reunification is the goal laid down by the government and the people of the Republic of China," he told visiting Canadian parliamentarians.

"But the reunification has to be achieved in freedom, democracy and economic prosperity. This is the wish

of all Chinese," a presidential statement quoted him as saying.

Li referred to the Taiwan Strait, the narrow waterway between the island of Taiwan and the Communist mainland.

"The door to cross-strait negotiations is always open. We do not give up hopes for peace," he said.

The president said Taiwan insisted that there was only one China, "but we do not agree with China's reference to the People's Republic of China."

What Taipei emphasized was "the Republic of China" which has existed in the world community for 85 years.

"This is an undeniable fact," he said.

**Taiwan: Minister Rejects 'Military Pressure' To Reunify**

OW2603021896 Taipei CNA in English  
0147 GMT 26 Mar 96

[By Benjamin Yeh]

[FBIS Transcribed Text] Taipei, March 25 (CNA) — Economic Affairs Minister P.K. Chiang said Monday [25 March] that Taiwan should not recklessly seek to reunify with Mainland China under military pressure from Beijing, but instead should start by facilitating economic exchanges.

"Taiwan should go ahead with its pursuit of peaceful reunification with Mainland China under the prerequisites of 'dignity and security,'" Chiang said in the first public meeting with the press after Saturday's presidential election.

He hailed the re-election of President Li Teng-hui in the historic poll, saying it has served as a shot in the arm for both investment and political stability in Taiwan.

Chiang would not comment on what mainland policy Li might commit to after his inauguration on May 20, saying simply that he is expected to come up with a "brand new" package.

In Chiang's opinion, the present indirect trade policy should be maintained in accordance with national unification guidelines, the ultimate reference for dealing with the mainland.

Meanwhile, at a public hearing at the Legislative Yuan, Chan Chih-hung, director of the Research and Planning Department under the Mainland Affairs Council, advised both sides to set aside ideological differences and get down to business.

Chan said the two governments could begin by accepting the ROC [Republic of China] Government's propos-

als of an "offshore transshipment center" and "special economic and trade areas" to see whether the two sides can work together.

He said if both sides started immediately with the ideological issues of setting up postal, transportation and business links, it would only serve to complicate ties.

Chan also ruled out pre-election media speculation that Taiwan would send a "special envoy" to Beijing to ease tensions in the Taiwan Strait.

He urged mainland authorities to resume swiftly routine talks with Taiwan, which Beijing unilaterally suspended in mid-1995 following Li's landmark visit to the United States.

**Taiwan: MAC Head Support Dialogue To Ease Tensions**

OW2603015296 Taipei CNA in English  
0118 GMT 26 Mar 96

[By Lilian Wu]

[FBIS Transcribed Text] Taipei, March 25 (CNA) — Easing tensions between the two sides of the Taiwan Strait will be the top priority of the government, the head of the nation's top mainland policy-making body said Monday [25 March].

Cross-strait tensions have been mounting in the wake of Beijing's recent military maneuvers. The exercises straddled Taiwan's presidential election and ended Monday.

Chang King-yu, chairman of the Mainland Affairs Council (MAC), said that the MAC and Straits Exchange Foundation (SEF) are studying when is the appropriate time to resume talks with the SEF's mainland counterpart, the Association for Relations Across the Taiwan Strait (ARATS).

Chang said following Taiwan's presidential election Saturday, he believes that Beijing will make its response, and the MAC will carefully evaluate it before taking further action.

Chang reaffirmed that Taiwan has always wanted to develop peaceful, stable relations with Beijing. But whether the two sides can sign an agreement to end hostilities will depend on whether a consensus can be reached. Before the start of such a process, he said, the most important thing is for the SEF and ARATS to resume communications.

Beijing unilaterally suspended SEF-ARATS talks last year after president Li Teng-hui visited his alma mater Cornell University in the U.S. in June.

Chang made his remarks at the opening of a seminar on mainland Chinese issues. The seminar was sponsored by the Institute of International Relations of National Chengchi University.

Over 100 scholars from Japan and Taiwan took part in the three-day seminar.

Chang reaffirmed that the unification of China under democracy is the ultimate goal for the two sides of the Taiwan Strait, and the best way to achieve this goal is to first re-establish cultural and economic exchanges.

Both sides should then seek to implement compatible and mutually beneficial systems. Such a process will require patience, sincerity and the efforts of both sides of the Taiwan Strait, he added.

Only through cultural exchanges can the two sides narrow their differences on values and ideology and gradually nurture a feeling of compatriotism, Chang said.

He said that closer trade ties among Taiwan, Hong Kong and Mainland China will also help to create a complementary relationship.

Chang also said that the landslide victory of Li Teng-hui in Saturday's presidential election showed that Li's policy toward the mainland based on the national unification guidelines, has the overwhelming support of the people of Taiwan.

Chang expressed the hope that Beijing authority will address the national unification guidelines with an attitude of fairness and develop a complementary relationship for the benefit of all greater China.

He noted that Beijing has taken "irresponsible, even dangerous, moves" to try to hinder the development of democracy in Taiwan, referring to Beijing's recent military maneuvers aimed at discouraging the people of Taiwan from pursuing independence.

He said that such a crude attempt to intimidate and provoke Taiwan only served to antagonize the people here, seriously damage cross-strait relations and threaten the peace and stability of the Asia-Pacific region.

He cited President Li's words that "Chinese should help Chinese," and said the two sides of the Taiwan Strait should seek dialogue rather than confrontation on the eve of the 21st century.

### **Taiwan: Scholars View Cross-Strait, U.S. Ties**

*OW2503141196 Taipei China Broadcasting Corporation News Network in Mandarin  
2300 GMT 24 Mar 96*

[From the "Hookup" program]

[FBIS Translated Text] At a forum, scholars put forward their views on what changes will occur in the triangular relationship of the United States and the two sides of the Taiwan Strait after the general presidential election, but the scholars generally maintained that the voters demonstrated their will to the world by their ballots. However, the United States and the Chinese Communists have revealed their cards on this issue. Therefore, in handling future relations with foreign countries, the new president should try to be as prudent as possible. The following is a report by Peng Chi-mi:

[Begin recording] [Peng] At the forum to discuss relations among the United States and the two sides of the Taiwan Strait after the general election, organized by the National Action Committee of the People of All Circles To Support Participation in the United Nations, Chien Han-sheng, director of the Kuomintang Department of Cultural Affairs, first refuted the view of some people that the number of votes for the Li-Lien group and the Democratic Progressive Party candidates shows that 75 percent of Taiwan people are inclined to independence, firmly stating that such view is wrong and irresponsible, adding that the ruling party's determination to pursue peaceful reunification has never changed.

With regard to relations among the United States and the two sides of the strait after the election, the scholars from inside and outside the country maintained that Taiwan voters have demonstrated, with ballots, their determination for democracy to the world.

Professor Tsai Wen-hui from Indiana, the United States, said:

[Tsai] [words indistinct] Taiwan people. Taiwan people are the 21 million people of Taiwan, which include native-born Taiwanese and people from other provinces. The dignity of the Taiwan people, the dignity of the citizens of the Republic of China, have won the [words indistinct] of the world.

During the election period in our country, the United States dispatched warships to the vicinity of the Taiwan Strait after the Chinese Communists had mounted round after round of verbal attacks and military threats. This shows the United States' bottom line is to maintain its interests in Asia, especially its interests in the Taiwan Strait. The Chinese Communists, who will strongly



oppose Taiwan independence to the end, will not be allowed to use force. Therefore, our country's future space of relations with foreign countries will become relatively smaller.

A veteran professor from Franklin College in the United States, said:

[Professor] After the (election,) our space has become smaller. Because if you go beyond this prerequisite, you will face provocations by the Chinese Communists. In my personal view, I don't believe it is enough to just play it safe; we should be prudent also.

In short, the scholars also suggested that low-keyed approach should be adopted in dealing with relations with the United States, irrespective of the results of the presidential election in the United States. However, pragmatic diplomatic work of participating in non-political periphery organizations of the United States should not be slackened. As for cross-strait relations, decision should be made depending on the Chinese Communists' attitude and goodwill. CPC reporter Peng Chi-mi reporting in Taipei. [end recording]

#### **Taiwan: Australian Foreign Minister Views Elections**

*OW2503113296 Taipei CNA in English*  
*1005 GMT 25 Mar 96*

[By Peter Chen]

[FBIS Transcribed Text] Canberra, March 25 (CNA) — Australia described the presidential election in Taiwan as another step forward in the democratisation process on the island and is looking forward to an early resumption of dialogue between the Republic of China [ROC] and Mainland China and an easing of the current tensions between the two sides.

In a brief written statement faxed to the CNA this morning, Foreign Minister Alexander Downer said: "I look forward to an early resumption of dialogue between China and Taiwan and an easing of the tensions that have been evident in recent weeks." "The fundamental interests we all share is in seeing productive dialogue which can ensure stability in our region," he said.

"The election in Taiwan is an expression of democratic forces at work. I welcome the election as another step forward in the democratisation process in Taiwan," he said. "The forces for democratisation which have led to this election have occurred within the framework of the one-China policy. Li Teng-hui is in a strong position to improve relations with China with a view to easing tensions," he added.

Australian media, including mass circulation newspapers the AUSTRALIAN and the SYDNEY MORNING HERALD, today gave prominent space to the results of presidential election in Taiwan on Saturday.

The AUSTRALIAN devoted a seven-column story on its front page about the first full democratic presidential election.

The daily also put up an editorial headlined: "China's fury snubbed by Taiwan vote."

Also on its front page, the SYDNEY MORNING HERALD devotes one third of the page 1 on the report of the presidential election along with a picture showing President Li signalling victory to his supporters.

The HERALD's headline is: "China Deaf to Taiwan's Roar."

On page 9, the HERALD uses a half-page space on reporting more about the democratic victory in Taiwan, giving reasons why China gambled on military threats but failed its intimidation against the island.

In its editorial today, the AUSTRALIAN says: "Taiwan's presidential elections are both a celebration of democracy and a reminder that in some areas of the world the concept of one person, one vote, is still held by the ruling authorities to be alien and dangerous."

"Rarely has a state's transition to democracy been conducted under such peaceful internal conditions but against such hostile external pressures," the editorial says.

"Over the strident and ultimately impotent objections of Beijing, president Li Teng-hui has won a decisive victory and earned a mandate to secure Taiwan's destiny as a state which, while nominally a sovereign part of China, will continue as it has for the best part of 50 years to make its own way in the world," the editorial adds.

#### **Taiwan: Hsu Li-te Urges Resuming Trade Talks With PRC**

*OW2503022496 Taipei CNA in English*  
*0202 GMT 25 Mar 96*

[By Sofia Wu]

[FBIS Transcribed Text] Taipei, March 24 (CNA) — Vice Premier Hsu Li-te said on Sunday [24 March] that resumption of constructive dialogue with Mainland China and further liberalization of trade across the Taiwan Strait will be the ROC's [Republic of China] priority short-term goal following its first-ever direct presidential election over the weekend.

"In the post-election era, the government will continue to promote cross-strait exchanges and develop mutually beneficial economic ties with the Chinese mainland," said Hsu, also chairman of the Council for Economic Planning and Development (CEPD).

To reach that goal, Hsu said, the government hopes to reduce current tensions in the Taiwan Strait by resuming dialogue with the mainland.

"As long as Mainland China makes a goodwill response to our call for reopening of bilateral consultations, we'll further ease restrictions on mainland-bound investments as well as on cross-strait commercial and personnel exchanges," Hsu said.

Cross-strait ties soured following ROC President Li Teng-hui's landmark visit to the United States last June because Beijing considered Li's trip as a tactic to promote Taiwan independence. Communist China has since conducted several rounds of menacing war games in the narrow Taiwan Strait to intimidate Taiwan in addition to suspending quasi-official cross-strait talks.

Vice CEPD Chairman K.C. Li further said cross-strait relations are undoubtedly high on Taiwan's economic agenda in the post-election era.

If Mainland China agrees to soften its stance on the national flag issue, Li said, the ROC Government could consider opening direct cross-strait "three links" — trade, postal and transport links. Mainland China has insisted that its ships should be allowed to fly its national flag while flying between the two sides of the Strait, a stance to which disagrees. [sentence as received] At present, cross-strait commercial, postal and shipping services are conducted indirectly through a third area or country.

Meanwhile, Li said, the government's medium-range economic development goal is to build Taiwan into a regional operations center in the Asia-Pacific.

With the government's six-year national development plan to be concluded by the end of this year, Li said, the CEPD, the cabinet's chief economic think tank, is also working on a long-term economic development blueprint that will position Taiwan into the 21st century.

#### **Taiwan: Businessmen Urge Peace Dialogue With Beijing**

OW2403082796 Hong Kong AFP in English  
0757 GMT 24 Mar 96

[FBIS Transcribed Text] Taipei, March 24 (AFP) — Taiwanese business and industrial leaders Sunday [24 March] urged President Li Teng-hui to open dialogue

with China with the aim of signing a peace treaty between the two countries.

They also suggested sending a delegation of Taiwanese politicians, scholars and business and industrial leaders to Beijing to open talks.

Kao Ching-yuan, chairman of the National Federation of Industries, told reporters that only a summit between Taipei and Beijing could ease tension across the Taiwan Strait.

He suggested Lee take the initiative to open a dialogue with Chinese President Jiang Zemin "to promote understanding and remove Beijing's hostilities towards Taiwan in order to allow full exchanges and development of cross-strait business ties."

Kao is leader of food giant President group that is the largest Taiwanese investor in the mainland, having injected some 140 million US dollars for various food-processing projects there.

Li said in February he was willing to sign a peace treaty with Beijing, but provided no details. China has not responded to the offer.

Wang You-tseng, chairman of the General Chamber of Commerce, suggested Li send a representative body comprising politicians, scholars and business and industrial leaders to hold dialogue with Beijing and pave the way for the signing of a peace treaty between the two countries.

"This breakthrough would help bilateral talks and lower cross-strait tension," Wang said.

Hsu Sheng-fa, leader of Prince Motors Co. Ltd., agreed that business should be the priority of cross-strait relations. He urged both sides to resume talks and start negotiations about opening direct transportation links between the two countries.

Taiwan is China's second largest investor, after Hong Kong, having poured an estimated 25 billion dollars into the mainland. But since the Taipei government bans direct contacts between the two sides, the trade and investments are conducted through third parties, mainly in Hong Kong.

#### **Taiwan: MAC Chairman on Pursuit of National Reunification**

OW2303103096 Taipei CNA in English  
1013 GMT 23 Mar 96

[By Maubo Chang]

[FBIS Transcribed Text] Taipei, March 22 (CNA) — Despite Beijing's saber-rattling in the Taiwan strait,

Taiwan will not alter its pursuit of national reunification by peaceful means, Chang Ching-yu, chairman of the Mainland Affairs Council [MAC], said Friday [22 March].

At a news conference called for foreign reporters, Chang urged Beijing to seek common ground with Taipei under the guidelines of the six points spelled out by President Li Teng-hui and the eight points outlined by Mainland China's President Jiang Zemin. He called for an end to the hostility prevailing across the Taiwan strait.

Chang said the top priority for Taiwan after its presidential election is to reopen channels of dialogue between the two sides. The exchange of views is crucial for resolving any differences.

He brushed off a question about the prerequisites for a meeting between the leaders of the two sides, which Li had suggested was possible, saying that after Beijing's provocative military exercises, an amicable climate will have to be created before any summit meeting is possible.

Noting that both President Li and Premier Lien have disclosed that they will widely canvass public opinion and try to reach a consensus on policy toward mainland China, Chang said relations between Taipei and Beijing would have plenty of room for progress if both sides abided by the rule of "live and let live."

He urged Beijing authorities to face up to the reality that China is divided and ruled by separate governments. He said there are a lot of ways the two governments can work to eliminate the division, but confrontation and struggle will only widen the gap.

Chang said China has seen division before, and the current separation is only one of the twists and turns in the course of more than five thousands years of history, rather than a permanent change.

**Taiwan: Li Teng-hui Affirms Reunification Under 'Democracy'**

*OW2603110796 Taipei CNA in English*  
*0950 GMT 26 Mar 96*

[By Sofia Wu]

[FBIS Transcribed Text] Taipei, March 26 (CNA) — President Li Teng-hui Tuesday [26 March] reaffirmed the Republic of China's [ROC's] policy of promoting China's eventual reunification, saying "the door to negotiations with Beijing is always open."

"How to strengthen normal development of relations across the Taiwan strait is one of our top priorities at the moment," Li said while meeting with a group of Canadian parliamentarians who are here to observe the

ROC's just-concluded presidential election, in which Lee was reelected for a four-year term.

In his first post-election remarks on relations across the Taiwan strait, Li said he has consistently attached great importance to relations with Mainland China and has always handled such issues in a discreet manner.

"As far as our side is concerned, the door to negotiations with Beijing always remains open. We never give up hopes for peace with the mainland," Li said.

He further said national unification is the unswerving, ultimate goal of the ROC Government and people. But, Li said, China must be unified under the banner of freedom, democracy and equitable distribution of wealth. "This is a common wish of all Chinese."

"We also insist that there is only one China, but we cannot agree to such a claim that one China refers to the People's Republic of China," Li stressed, adding: "To us, one China means the Republic of China. It has existed on this planet for 85 years and never disappeared from the international community. This is an undeniable fact."

John Nunziata, head of the Canadian parliamentary delegation, congratulated Li on his victory in the historic fully democratic election with a handsome margin.

Nunziata told Li that Canadian Foreign Minister Lloyd Axworthy issued a statement at the Canadian Parliament Monday congratulating Taiwan for having successfully held its first-ever direct presidential election over the weekend.

Li said he deeply appreciates all the concern the international community has shown over the ROC's watershed presidential election, which was held amid Mainland China's menacing war games at its doorstep to intimidate Taiwan voters.

Nunziata said he hopes commercial and cultural exchanges between Taiwan and Canada can be further reinforced on the current basis for their mutual benefits.

Other Canadian lawmakers present at the meeting were Nelson Riis, Bob Wood, Donald Oliver, Brenda Chamberlain and David Iftody.

**Taiwan: Potential Seen for Further PLA War Games**

*HK2603072996 Hong Kong EASTERN EXPRESS*  
*in English 26 Mar 96 p 1*

[By Christian Virant]

[PTS Transcribed Text for FBIS] The People's Liberation Army (PLA) is preparing for a fourth round of



land-based war-games in Fujian province, just one day after combined land-sea-air exercises ended off Pingtan island, Taiwan's most senior security official said yesterday.

General Yin Tsung-wen, the director of the National Security Bureau, said: "According to our intelligence sources, the troops participating in drills in the south-eastern part of Fujian province have not been withdrawn, they're staying there. So the threat of [further drills] still exists."

The land-based games will most likely take place near the coastal cities of Putien, Fuqing and Changle, only a few kilometres from the just-concluded third round of manoeuvres.

"The troops have moved inland from Pingtan island but are remaining in place" in preparation for the new round of exercises, Yin said.

The PLA has staged three rounds of war-games in waters near Taiwan over the past month in a failed attempt to draw support away from Taiwan President Lee Teng hui, who won 54 per cent of the popular vote in landmark presidential elections on Saturday.

Despite the loss in the propaganda war, the New China News Agency (Xinhua) announced that the third round of exercises was "successful" and had proven the PLA's capability of fighting modern, high-tech wars.

"Sophisticated technology and equipment played a crucial role in the exercises," Xinhua said.

"The three branches of the military were able to coordinate their efforts well, overcoming adverse weather conditions and complicated marine manoeuvres. The Chinese military's ability to fight as a unified force under the conditions of modern warfare was greatly improved."

The week-long war-games aimed to test the PLA's new doctrine of combined-forces warfare as well as send a strong message to Lee supporters, the report added.

In a detailed description of the games, the report praised the PLA for "breaking the resistance of the enemy", with rapid and powerful strikes.

"Defences were penetrated, the enemy was surrounded, and destroyed," Xinhua said.

### Taiwan: Security Chief on 'Likely' New Round of War Games

OW2603020496 Taipei CNA in English  
0128 GMT 26 Mar 96

[By Debbie Kuo]

[FBIS Transcribed Text] Taipei, March 25 (CNA) — Mainland China's People's Liberation Army (PLA) is likely to hold a new round of military exercises in the near future, Taiwan's head of national security said Monday [25 March].

Yin Tsung-wen, director of the National Security Bureau, said that if the PLA should hold a fourth round of war games, the type of exercises will be different from previous ones and the drill areas will be farther away from the Taiwan coast.

Yin predicted that the fourth round is likely to be conducted in inland areas in Fujian Province, with drills focusing on city and mountain combat skills.

Intelligence information collected from behind the bamboo curtain indicated that amphibious troops previously deployed near Pingtan Island off Fujian have been removed, but infantry troops from Jiangsu and other northern mainland Chinese provinces remain stationed in coastal areas of Fujian, apparently standing by for a new round of exercises, Yin added.

Yin said the PLA followed a typical model of military assault exercises in its latest three rounds of war games — which began with missile test-firing and airborne bombing, were followed by air and navy combat exercises and were rounded out with amphibious landing drills.

It is judged that if there should be a fourth round of exercises, it will be an inland assault exercise tailored to cope with Taiwan's inland geographical features.

The inland exercises will probably pose no threat to the Taiwan Strait and Taiwan waters, Yin added.

Yin said that no matter how Mainland China conducts the fourth installment of war games, whether the PLA troops will move away from coastal areas or not, the ROC [Republic of China] armed forces will always be on alert and closely monitor the movement of the PLA across the Taiwan Strait.

**Taiwan: CNA Says 4th Round of Exercises  
'Unlikely'**

OW2503174096 *Taipei China Broadcasting  
Corporation News Network in Mandarin*  
1500 GMT 25 Mar 96

[From the "News" program]

[FBIS Translated Text] The CENTRAL NEWS AGENCY [CNA] reports that the Chinese Communist military ended on 25 March its triphibious exercise in waters near Fukien's [Fujian] Pingtan Island in the Taiwan Strait. From 18 to 25 March, Chinese Communist troops conducted two exercises, one involving crossing the sea and landing on an island and the other involving attacks in mountainous areas. Indications are that the Chinese Communists are unlikely to conduct a fourth round of military exercises.

On 25 March, the Chinese Communists announced an end to the third round of military exercises involving triphibious operations. A senior military officer observed: Taiwan's successful presidential election shows that the Chinese Communists' attempt to influence the election through three rounds of military exercises has (?failed). Due to bad weather, tactical drills by the Chinese Communist troops [words indistinct], and the morale of Chinese Communist officers and men suffered somewhat because of the failure to complete all third-round exercises due to the poor weather.

**Taiwan: Defense Ministry Reports 'No Sign' of  
New Exercises**

OW2303102896 *Taipei CNA in English*  
1006 GMT 23 Mar 96

[By Flor Wang]

[FBIS Transcribed Text] Taipei, March 22 (CNA) — Mainland China's third round of military maneuvers aimed at intimidating Taiwan has not yet started fully as scheduled because of bad weather in the exercise area, a spokesman for the Ministry of National Defense said Friday [22 March].

Beijing announced last week that its People's Liberation Army [PLA] would conduct a third round of combined air, naval and land exercises near the Pingtan Island off Fujian province March 18-25.

The PLA has only held amphibious landings and droppings of personnel and vehicles from transport planes due to bad weather conditions, the spokesman said, adding that the PLA will begin its third wave of exercises in Pingtan, Lienjiang [Lianjiang] and Putien [Putian] after the weather improves.

So far, there are no signs that Mainland China has begun planning a fourth military exercise but the ministry will keep a close watch on the PLA's activities, the spokesman said.

**Taiwan: PRC 'Sources' Hint at Post-Election  
Tension**

OW2403113296 *Taipei CHUNG-KUO SHIH-PAO*  
in Chinese 17 Mar 96 p3

[Unattributed article: "PRC Ready for 'Long-Term' Fight: Beijing Sources Say Tensions May Not Ease After Election"]

[FBIS Translated Text] The third wave of military exercises announced by the Chinese Peoples' Liberation Army yesterday was the climax of the PRC's intimidation against Taiwan before Taiwan's direct presidential election on March 23, said Beijing sources. The tension across the Taiwan Strait may not ease quickly after the election. To prevent Taiwan from splitting off, the Taiwan affairs authorities in Mainland China have prepared for a long-term fight.

According to the sources, the current PLA-directed Taiwan affairs policymaking body is assessing the impact of the consecutive three rounds of military exercises on the political and economical scenes in Taiwan. Basically speaking, the three rounds of war games have released pent-up intimidating energy during recent days. If the impact is well below the expectation, the PLA will not exclude the possibility of staging a fourth wave of exercises, possibly in the form of missile tests off Taiwan.

The sources said the PLA announced that the third wave of exercises would be launched on schedule, not only to demonstrate China's determination to deter Taiwan from splitting off, but also to declare to the United States that China would not cower at the United States' sending aircraft carriers to Asia. Not wanting to fight with the United States, China hopes the United States will understand that the intimidation against Taiwan is only an expression of China's concern over Taiwan independence. Judging by the present situation, however, the Chinese authorities are ready to confront the United States at any cost. According to the PRC's assessment, the United States' recent stern warning concerning peace in the strait and the action of sending aircraft carriers were only precautionary measures. There are no signs of intervention yet.

The Taiwan affairs authorities estimate that the future president-elect in Taiwan may not cool down right after the election. Even if Taiwan were to take appropriate steps, it is doubtful these steps could be conciliatory

enough to appease China. Therefore, the policymaking body is well prepared to stage a new war of nerves against Taiwan after the election.

The sources indicated that the new wave of threats would be focused on military demonstrations. China will not attack Taiwan unless the United States openly interferes or Taiwan marches toward independence. If the Taiwan authorities abandon a "one China" policy, China will not stop its saber-rattling.

**Taiwan: Taipei 'Role' in Regional Security Asserted**  
OW2403143596 (Internet) Taiwan Government  
Information Office in English 24 Mar 96

[Unattributed article: "A Partner In Keeping The Peace;" date not given; from the "Taiwan's Effort — UN50" link]

[FBIS Transcribed Text] The Republic of China [ROC] on Taiwan is well known as a major economic player in the Asian-Pacific and world economies. However, it also has an important role to play in shouldering Asia's security burden. Asian nations continue to move toward developing a collective system for assuring the continuance of the stability throughout the region that has produced such remarkable growth over the past decades. Only with the collective input and resources of all nations of the region can this system truly assure that the various disputes and threats from military build-ups do not spill over into regional armed conflict.

Playing a regional role is nothing new to the Republic of China. Asia's gathering sense of economic momentum has fostered a regional sense of identity of which Taiwan has been an integral but often unrecognized part of the collective responsibility for fostering and maintaining regional prosperity and security.

However robust the recent spate of rapid economic development in the Asian-Pacific region has been, it is nonetheless vulnerable to a destabilizing projection of military power in the region, such as that augured by the unwarranted military build-up on the Chinese mainland or the potential of nuclear weapons in North Korean hands. A further threat to regional stability stems from the fact that a number of nations in the region claim sovereignty over the oil-rich South China Sea islands.

Traditionally, the United States has maintained a military presence in the Asia-Pacific area, but the dwindling U.S. will to maintain such a presence at contemporary levels, coupled with the pullout of U.S. forces from Subic Bay in the Philippines, behooves other countries in the region to step in and assist.

Thus, one of the key challenges now facing the Asia-Pacific area is how to work together to preserve the

peaceful conditions for vigorous economic growth and competition as a new world order emerges from the post-Cold War realignment of geopolitical power. The ROC has already been a leader in responding to the demand for investment throughout the region. And now, the ROC has another important role to play in fostering the timely development of an Asian-Pacific Collective Security System that can assure the national rights and security of all Asian nations, large and small.

Just as the ROC has been intimately involved in the economic development of the Asia-Pacific region, it is qualified and ready to be an active partner in the establishment of a regional collective security system, such as by being a dialogue partner in the establishment process. By actively helping to assure stability in Asia, the ROC can most effectively make a significant contribution to world peace.

#### **Taiwan: KMT Official on Reunification**

AU2203153596 Hamburg DIE WOCHE in German  
22 Mar 96 p 30

[Unattributed interview with James Chu, deputy secretary general of the ruling Kuomintang Party (KMT), and "adviser" to Taiwanese President Li Teng-hui; place and date not given: "China's Missiles Are Helping Us"]

[FBIS Translated Text] [DIE WOCHE] Do you believe in reunification with the PRC?

[Chu] We want reunification — but not until the PRC has become a democratic state.

[DIE WOCHE] Is that not unrealistic?

[Chu] Not at all. The wind of democracy has caught us. Why should it not also affect our 1.2 billion compatriots on the mainland?

[DIE WOCHE] Beijing is accusing Taipei of seeking independence.

[Chu] Actually, we do not have to declare it, because we have in fact been an independent, sovereign state with an independent government since 1912.

[DIE WOCHE] Nevertheless, President Li is seeking international recognition for Taiwan.

[Chu] True. We have the right to be a member of the international community. That we have not been recognized by Germany, Japan, or the United States is unfair, unjust, and an insult to our people. The only reason for it is the pressure exercised by Beijing. The reason people will probably elect Li Teng-hui as president again is his determination to break through this isolation. We do not want to be a province of the PRC, because that would be incompatible with our



pride. Until we are recognized, we must move Taiwan again and again into the international limelight. At the moment, the Chinese missiles are helping us to achieve that. We can really be grateful to our fellow citizens on the mainland.

[DIE WOCHE] Will there be talks with the PRC after the elections?

[Chu] We should meet with the Communist Party leaders and ask them to be realistic. We must make it clear that the prosperity of the PRC's coastal provinces is based on our investments. If the pressure continues we will withdraw our companies and close down their plants.

[DIE WOCHE] What could a solution to the China/Taiwan conflict look like in the long run?

[Chu] We have no clue right now. First of all, it is important to talk with one another and ease the current tensions. Once we sit down at one table, we can say: You give us something, and we give you something.

[DIE WOCHE] Will the situation change with the death of Deng Xiaoping?

[Chu] The missile crisis is part of a power struggle in the Communist Party. Deng's death does not play a role in that. After the elections people on the mainland will ask: "Why are we not allowed to vote?" That is the threat to the communist system.

#### **Taiwan: Editorial Sees 'Time for Healing' After Election**

HK2503080296 Hong Kong HONGKONG  
STANDARD in English 25 Mar '96 p 14

[Editorial: "Election Wounds Must Be Healed"]

[PTS Transcribed Text for FBIS] The reality, said one side, is that political power grows out of the barrel of a gun. No, said the other side, political power must come from the ballot box. But that was yesterday's squabble. Now, in the wake of the presidential election in Taiwan, there is a new reality: Lee Teng-hui has won an overwhelming mandate from the people of Taiwan.

Beijing must face this new reality. But Mr Lee is also confronted with a new reality: the cross-straits rift must be mended.

Taiwan Premier Lien Chan took an important step in the right direction yesterday by saying he wanted serious consideration of a peace agreement with the mainland.

Mr Lien believes this is the way forward. He is right. It is, in fact, the only way to go.

Unfortunately, Mr Lee was less conciliatory towards those he accused of adopting a "barbaric and unreasonable posture".

This kind of tough talk is, of course, part and parcel of a democratic election campaign. But the campaign is over.

It was a campaign that polarised Taiwanese politics. When that happens, candidates, including incumbents, sometimes feel pressured to compete with their more strident opponents.

But Mr Lee no longer has to compete with, for example, the leaders of the pro-independence Democratic Progressive Party (DPP).

He can now afford to don the mantle of the statesman rather than the politician and adopt a more neutral stance towards cross-straits relations.

Since he has repeatedly insisted that he is for reunification, he must now do something to pacify the mainland.

For its part, China must review its discredited tactic of using military pressure on Mr Lee. The war games were not effective. In fact, they backfired.

Beijing must also stop accusing Mr Lee of promoting independence. Simple arithmetic tells us that such a charge is both illogical and counterproductive. Mr Lee won 53.9 per cent of the vote, but only 20.9 per cent supported the DPP, which advocates independence.

The good news is that there are signs China is prepared to face the reality of the situation.

It was gratifying to learn that Chinese Foreign Ministry spokesman Shen Guofang has renewed a peace overture to Taiwan, calling for a summit meeting between the two leaders.

Mr Shen also responded positively to Mr Lien's call for negotiations by saying: "Looking at it from our side, the door is always open."

It was also gratifying to hear a United States official say Washington would "avoid turning up the heat at all on China or any kind of gloating".

But there was some gloating from China. The official Xinhua news agency claimed that Beijing had "dealt a heavy blow" to independence advocates on the island. While this was a perception which some may consider to be divorced from reality, it was nevertheless predictable. China had to save face. It could hardly admit that its intimidatory tactics had backfired.

But this must be a time for healing. The two sides must get together. This would be good for Taiwan, good for

the mainland, good for Hong Kong, good for the region and good for the world.

#### **Taiwan: Heritage Foundation Hails Election**

*OW2503113196 Taipei CNA in English*

*0931 GMT 25 Mar 96*

[By Flor Wang]

[FBIS Transcribed Text] Taipei, March 25 (CNA) — Edwin Feulner, president of the Washington based Heritage Foundation, on Sunday [24 March] praised the Republic of China's first direct presidential election, saying the smooth voting process is proof that democracy has taken root in Taiwan.

Now that the election is over, Beijing should accept the outcome, he said. "Taipei, Beijing and Washington should consider to readjust their relations," he added.

Feulner, who arrived last Thursday to observe Saturday's election, made the remarks during an interview with CNA.

Taiwan has made another giant step toward democracy with the election, Feulner said, adding that he wants to convey his congratulations to President Li Teng-hui for the remarkable achievement. The enthusiastic participation of the Taiwan people under Mainland China's military intimidation, he said, has won global respect for Taiwan.

Feulner urged President Li to show clear signs soon that he will resume talks with Mainland China, saying that Taiwan, the mainland and the United States should seriously start to think now how to bring their relations back to normal. The Heritage Foundation will present its proposals on the issue to the American Government before President Li's inauguration on May 20, he added.

Stressing that it was a big mistake for Mainland China to conduct military exercises to intimidate Taiwan, Feulner called on Beijing to prevent any similar actions in the future, if it wants to renew its most favored nation trade status with the United States.

As election results show that President Li has won the support of the most Taiwan people, Feulner said Beijing should accept the reality that President Li will be the "helmsman" for the Republic of China in the next four years. He urged Chinese Communists to learn to handle cross-strait relations in a peaceful way, because the use of force is useless.

Feulner also supports the US naval presence to protect security in the Taiwan Strait. He said the US should maintain its strength in the west Pacific to encounter any Chinese Communist moves.

On the postponed visit by Mainland Chinese Defense Minister Chi Haotian to the US, Feulner said it is unwise to allow Chi to make the trip as scheduled, as the current cross-strait tensions have not eased.

#### **Taiwan: South African Envoy on Cross-Strait Ties**

*OW2503104696 Taipei CNA in English*

*0917 GMT 25 Mar 96*

[By Sofia Wu]

[FBIS Transcribed Text] Taipei, March 25 (CNA) — Johannes Lodewikus Viljoen, South African ambassador to the Republic of China [ROC], said on Monday [25 March] he is optimistic about future relations across the Taiwan Strait following President Li Teng-hui's reelection.

"I would also, on behalf of the South African Government and people, congratulate Taiwan on the smooth conclusion of its first-ever direct presidential election," Viljoen said, adding he earnestly hopes that president Li, after winning a strong mandate in the election, can work on improving ties with Mainland China.

Asked whether South African President Nelson Mandela will attend Li's presidential inauguration in May, Viljoen said he does not know at the moment who will represent South Africa, one of the ROC's longtime diplomatic allies, on such an occasion.

"It's still too early to talk about that issue. I have no further information," Viljoen said in an interview with CNA.

President Li attended Mandela's inauguration as South Africa's first black president in 1994.

Viljoen said Li's landslide election victory was a surprise to him. Li won 54 percent of the vote in the weekend's four-way contest. "Li's winning margin was higher than my expectation," he said, adding the election outcome indicates that the majority of Taiwan people are opposed to both unification with Mainland China and to Taiwan independence.

Against this background, Viljoen said, he believes the ROC will continue to grow and develop based on its current foundation.

The South African envoy further said Li's resounding win was a "good result," which he said could enable Li to engage in constructive dialogue with Beijing in a stronger position.

Viljoen said he is pleased to know that Vice President-Elect Lien Chan has said Taiwan will seriously consider signing a peace agreement with Mainland China to maintain peace and stability in the Asia-Pacific region.

Viljoen said he is impressed by the calmness, reason and firmness shown by Taiwan voters in the face of a serious menacing mainland Chinese war games at Taiwan's doorstep aimed at sabotaging the island's historic presidential election. "Li's win indicates that Beijing's tactic has failed."

Meanwhile, South African Foreign Minister Alfred Nzo is currently on a four-day visit to Mainland China. Before his departure for Beijing, Nzo said South Africa wishes to maintain friendly and cordial relations with both Mainland China and Taiwan. He added he will visit Taipei at a later date.

Political analysts said the South African Government is under pressure from the business community to boost ties with the Chinese mainland for long-term trade reasons.

But they noted that Taiwan was also South Africa's seventh largest trading partner, with two-way trade reaching 6.79 billion rand (US\$1.75 billion) in 1995. South African trade with the mainland increased from US\$14 million in 1991 US\$1.3 billion in 1995.

#### **Taiwan: European Parliament Members Laud Election**

*OW2503021696 Taipei CNA in English*  
*0135 GMT 25 Mar 96*

[By Sofia Wu]

[FBIS Transcribed Text] Taipei, March 24 (CNA) — A group of European Parliament (EP) members lauded Taiwan on Sunday [24 March] for its smooth conclusion of the first-ever fully democratic presidential election in China's 5,000-year history amid Beijing's military intimidation.

The nine Socialist Party and People's Party members in the European Parliament, the legislative arm of the European Union (EU), told a news conference at Taipei's Far Eastern Plaza Hotel that the weekend's full free, fair election has made Taiwan one of the most dynamic democracies in Asia.

The EU parliamentarians said they decided to visit Taipei upon learning that communist China was trying to intervene and influence Taiwan's first universal-suffrage presidential election by waging a series of menacing war games, including missile tests and live-firings, near Taiwan.

"Our visit clearly demonstrates our concern for Taiwan's democratic development," said Viviane Reding, a Luxembourg EP member and head of a Taiwan-European Friendship Promotion Group in the Parliament.

Reding said she is delighted to see Taiwan people undaunted by Beijing's saber-rattling and able to choose their future national leader based on their own free will and wisdom in a peaceful atmosphere.

"Taiwan's future should be determined by all of its people, not dictated by belligerent communist China," Reding said, adding that the European Parliament will respect and support Taiwan people's choice no matter whether they decide to move toward independence or reunification with Mainland China.

Reding said she has initiated a proposal supporting Taiwan's bid to join the United Nations. "The proposal has won support from 80 EP members and the EP's Foreign Affairs Committee is drafting a bill based on the proposal," Reding said, adding, "I believe more EP members will support the bill following Taiwan's full free presidential election."

Eu Deputy Speaker David Martin said incumbent ROC [Republic of China] President Li Teng-hui's re-election clearly manifests his popularity with the people of Taiwan. "I hope President Li will use his newly-earned mandate to ease tensions in the Taiwan Strait and to resume constructive dialogue with rival Mainland China in the near future."

Bernie Malone, deputy chief of the EP Foreign Affairs Committee's Human Rights Task Force, said Taiwan's watershed presidential election will serve as a beacon for communist-ruled Mainland China. "With the world's worst human rights records, Beijing is expected to be a prime target of criticism at a human rights meeting to be held in Geneva in April," she added.

Since Beijing announced its plan early this month to stage a series of military exercises at Taiwan's doorstep ahead of the ROC's historic presidential election, the European Parliament has twice passed urgent resolutions condemning Beijing's rattling of its sabers against Taiwan.

#### **Taiwan: South African Minister To Visit After Election**

*OW2303100596 Taipei CNA in English*  
*0923 GMT 23 Mar 96*

[By Flor Wang and C.H. Chang]

[FBIS Transcribed Text] Taipei, March 22 (CNA) — South African Foreign Affairs Minister Alfred Nzo will visit Taiwan after Saturday's [23 March] presidential election here, ROC Foreign Affairs Minister Chien Fu said on Friday.

It will be Nzo's second visit to Taiwan, but a specific date has not yet been decided upon, Chien said.



Nzo will first visit Mainland China March 23-26, Chien said, noting that it was President Nelson Mandela's decision to send Nzo to visit both Taiwan and Mainland China because of pressure from within the South African Government.

According to a statement issued by the South African Foreign Affairs Ministry, "South Africa wishes to maintain friendly and cordial relations with both (mainland) China and Taiwan."

The purpose of Nzo's visit to Mainland China is to "improve high-level dialogue and communication between the two countries," the statement said.

Although Mandela has expressed a willingness to set up official relations with Beijing, Chien said Mandela also made it clear that it should be done without any conditions attached.

As Taiwan has offered extensive help to South Africa in its reconstruction development project, Mandela repeated recently that South Africa treasures its relations and friendship with Taiwan.

#### **Taiwan: Central American Leaders To Attend Inauguration**

OW2303100796 Taipei CNA in English  
0929 GMT 23 Mar 96

[By Flor Wang]

[FBIS Transcribed Text] Taipei, March 22 (CNA) — Nicaraguan President Violeta Barrios de Chamorro and Costa Rican President Jose Maria Figueres will attend the inauguration of the new president of the Republic of China [ROC] in May.

Nicaraguan Ambassador Salvador Stadthagen Icaza [name as received] and Costa Rican Ambassador Elena Wachong De Storer [name as received] made the announcement on Friday [22 March] at a joint news conference of five Central American countries that also included ambassadors of El Salvador, Guatemala and Honduras.

Vice Salvadoran President Enrique Borgo [title as received], on behalf of President Armando Calderon Sol, as well as special envoys of Honduras and Guatemala, will also take part in the presidential inauguration.

In addition to condemning Mainland China's military exercises in the Taiwan strait, the five Central American allies reaffirmed their support and solidarity for Taiwan and expressed the hope that Taiwan's first direct presidential election on Saturday will go smoothly.

Salvadoran Ambassador David Ernesto Panama [name as received] made public a joint statement of the five

Central American countries, saying that they strongly oppose Mainland China's military threats against Taiwan and that such actions have endangered security in the Asia-Pacific. He said Taiwan and Mainland China should resume negotiations as soon as possible to resolve their disputes peacefully.

The ambassadors expressed admiration for the calm showed by the people of Taiwan under Mainland China's military threats, saying the mainland's intimidation will only strengthen their countries' support for the ROC.

#### **Taiwan: Newspapers' Comments on 23 Mar Election Viewed**

OW2403080196 Tokyo KYODO in English  
0719 GMT 24 Mar 96

[FBIS Transcribed Text] Taipei, March 24 KYODO — Taiwan's dailies said Sunday [23 March] President Li Teng-hui's landslide victory as a success [sentence as received].

At the same time, the local dailies advise caution about Taiwan's future following the first-ever direct presidential election.

Taiwan's three most influential dailies, UNITED DAILY, CHINA TIMES and LIBERTY TIMES all agreed that the democratic election was a victory for Taiwan and its people.

The united daily carried the editorial titled as "congratulations Li-Lien, the election brought all the people to victory."

The CHINA TIMES said in the editorial, "this election shows that direct election is the people's voice. Most importantly, in the face of China's missile exercises, the election showed that the people of Taiwan are demanding a free democratic way of life."

However, the three dailies emphasized the need for interaction between the political parties to increase, as the unity within the parties could lead to greater problems and discord within the government.

The UNITED DAILY added that Taiwan needs to "adjust its political interactions" and "expand its government base."

The LIBERTY TIMES cautioned that the "rise of the New Party" could lead to discord and the CHINA TIMES added, "Li must build more associations in order to have the other parties understand his policies."

One problem that no one could ignore was China's missile tests.

The crisis in the Taiwan strait and China's decision to conduct missile tests during and after the elections was an issue the three dailies felt emphasized the success of the elections.

The LIBERTY TIMES said in the editorial, "we would like to thank China for a conducting its live-ammunition exercises."

The LIBERTY TIMES added that the missile tests helped achieved four results which are, Taiwanese are no longer intimidated by China's missiles, greater international space, direction toward a Taiwanese "nation" and a rise in Taiwan's international status.

Yet, his "problem" is one that the dailies feel is full of ambiguities and one that Li must resolve.

The CHINA TIMES said, "the straits crisis...The difficult situation it caused is Li's responsibility to remedy."

Taiwan's election has people all over the world discussing its implications for the island and the effect it will have on the island's international relations. However it is important to keep in mind the people who made the election successful.

"This is not just one person's victory or a party's victory, but the people's victory," the UNITED DAILY concluded.

#### **Taiwan: Official Urges Self-Reliance; U.S. Support 'Slim'**

OW2403185896 Taipei TZU-LI WAN-PAO in Chinese  
17 Mar 96 p 3

[Article by Yu Hui-Chieng]

[FBIS Translated Text] Since Communist China is about to begin its third wave of military exercises tomorrow and the U.S. Navy aircraft carrier Nimitz is expected to arrive in the Taiwan Strait area before 23 March, major media correspondents from around the world are flocking to Taiwan to cover the so-called "war games." A Ministry of Foreign Affairs official stressed that we should heighten our vigilance and be self-reliant and self-strengthening, because in the event of a real military attack by the Communists, the likelihood that other countries, including the United States, would send troops to defend Taiwan is rather slim, despite evergrowing international concerns.

Regarding a recent report by Pentagon Spokesman Captain Michael Doubleday that "the United States had been assured by Communist China that it does not intend to take any military action against Taiwan," the official said the ministry of Foreign Affairs is requesting, through the proper channels, that the United States ex-

pand upon this report. In essence, the Ministry wants to know whether these "assurances" from Communist China have any provisos attached or whether the United States made any offers to Communist China regarding the Taiwan matter or the U.S. position toward the presidential election in Taiwan.

The official pointed out that the United States concern is influenced by three premises: first, as has been indicated by Mr. Freeman — a former assistant secretary for defense — one of the contributing factors to the Korean war in 1950 and the Iraqi invasion of Kuwait in 1990 was the U.S. failure to deliver a clear message to the aggressors, which eventually forced the United States to pay a heavy price; second, eliminate the possibility of war through "preemptive diplomacy" by warning Communist China either openly or privately using any separate means and diplomatic channels; third, since Communist China is in an unstable situation due to the internal succession issue, once the tension escalated to an irreparable point it would be impossible for Communist China to back off. Then, Japan would likely take this opportunity to rearm itself and there would be a horrific arms races in the entire Asia-Pacific region. The United States certainly would not want to see such a scenario occur. In light of the above, the official said that it is not difficult to understand the Clinton administration's determination to safeguard Asian-Pacific stability by dispatching two battle groups to the region.

The official further explained that the United States is still focused on the second premise, the idea of avoiding war as long as possible. However, if war breaks out, there is little likelihood that the United States would send troops. The official pointed out the established precedent that no U.S. President who sent troops to fight overseas was re-elected. Since this year is a presidential election year in the United States, it would be impossible for President Clinton to send troops to defend Taiwan. Therefore, in facing Communist China's military exercises, we should not be negligent just because foreign countries show concern.

#### **Taiwan: GIO Head Departs for U.S. To Speak on Election**

OW2503113096 Taipei CNA in English  
0934 GMT 25 Mar 96

[By Flor Wang]

[FBIS Transcribed Text] Taipei, March 25 (CNA) — Jason Hu, director-general of the Government Information Office (GIO), will depart for the United States Monday [25 March] evening to attend a public hearing on Taiwan's presidential elections in the US Congress.

The main purpose of his visit, Hu said, is to let the international community and the news media have a better understanding of political and economic developments in Taiwan.

Hu said the house International Relations Committee has decided to hold a public hearing, because Taiwan's first popular presidential election last Saturday and the current cross-strait crisis have aroused the concern of the world.

Hu, drafted by the ruling Kuomintang to run in the third national assembly election in Taichung, won a islandwide victory last Saturday with 78,489 ballots.

**Taiwan: Spokesman Denies Plan To Refer Strait Issue to UN**

*OW2203134096 Taipei China Broadcasting Corporation News Network in Mandarin  
1120 GMT 22 Mar 96*

[FBIS Translated Text] The Foreign Ministry spokesman has said that any plan to refer the Taiwan Strait issue to the United Nations should take into consideration such factors as timing and cross-strait relations; he added that, currently, the Foreign Ministry has no firm plan to do so. Please listen to Hsu Hsiao-ming's report:

[Begin recording] [Hsu] According to foreign news agencies, several friendly members in the UN that support Taiwan have now finalized drafting of a motion that would support Taiwan in its resistance to threat posed by the Chinese Communist's military in the

run-up to its presidential election. Foreign Ministry spokesman Leng Jo-shui said his ministry currently had no firm plan to refer the Taiwan Strait issue to the UN, nor had instructed its UN group in New York to act on the matter. Leng Jo-shui further pointed out that any plan to refer the issue to UN should take into consideration the question of timing. Given the current cross-strait situation, he said, the Foreign Ministry had no such intention for the time being.

[Leng] We have to consider the best time to raise the issue question to garner the greatest international support and help ease cross-strait tension. We will not do anything at the moment arbitrarily to prolong or escalate cross-strait tension.

[Hsu] It has been learned that the Foreign Ministry has attached considerable importance to question of referring to the UN the issue of security in the Taiwan Strait, and is actively assessing the possibility. Given the current situation, however, the Chinese Communist does not pose any real threat to Taiwan other than some extra anxiety. Tabling such a motion now might not attract international attention to Taiwan independence, and the extent of UN interest might also be limited. Besides, the move may have a negative effect on tense cross-strait relations.

However, the Foreign Ministry does not rule out the possibility of holding consultations with various friendly countries to map out an appropriate motion for emergency tabling. [end recording]



## Hong Kong

### Hong Kong: Lu Ping on Status of Hong Kong Returnees

HK2603092796 Hong Kong WEN WEI PO in Chinese  
25 Mar 96 p A3, A4

[Report by Wang Yen-ping (3769 3601 1627) and Tseng Chi-wen (2582 1867 2429): "Lu Ping Analyzes in Detail Identity of Hong Kong Returnees Who Have Obtained Foreign Citizenship"]

[PTS Translated Text for FBIS] Beijing, 24 Mar (WEN WEI PO)—Lu Ping, secretary general of the Preparatory Committee [PC] for the Hong Kong Special Administrative Region [SAR] and director of the State Council Hong Kong and Macao Affairs Office, attended the press briefing held here yesterday afternoon, explaining relevant contents to the press. The following is the full text of the question-and-answer press briefing.

[Reporter] The meeting adopted the details for implementing the "Nationality Law" in Hong Kong after 30 June 1997. Could you explain, when Hong Kong residents who are foreign passport holders return to Hong Kong, should they use foreign passports or Hong Kong identity cards to obtain permanent Hong Kong residency?

[Lu Ping] In accordance with the regulations for specific implementation of the "Nationality Law" in Hong Kong, the return of Hong Kong residents from abroad after 1 July 1997 refers to those who have settled down abroad and not temporary emigrants. Under such circumstances, when they return by air, the attendants will ask them to fill out a form declaring their identity during their entry, Chinese or foreign citizen. The visitor must consider which option he will take and the rights he has in the option. If he enters in his capacity as a Chinese citizen, his original identity card is still effective; if he enters as a foreign citizen, he must declare himself to the Immigration Department. If his passport is valid, he may enter Hong Kong and stay as a foreign citizen.

[Reporter] Article 9 of the National Law stipulates that Chinese residents who have settled abroad and have voluntarily joined or obtained foreign nationality will automatically be deprived of their Chinese nationality. Would you explain how Hong Kong residents who hold foreign passports can still maintain their Chinese citizenship after 1 July 1997?

[Lu Ping] If the visitor enters with his Hong Kong identity card, it will be unnecessary for him to declare his nationality or explain whether he is a foreign passport holder and how obtained the passport. It will be impossible for the SAR to conduct a general survey of nationality among the citizens. Some people

have settled abroad and obtained foreign citizenship through normal channels, while others have obtained it through other channels. In my opinion, most of the passports are genuine, but there may also be some counterfeit ones. It will be impossible and unnecessary for the SAR Government to conduct a general survey of foreign passport holders among Hong Kong residents. Therefore, unless you declare, no one will know whether you are a foreign passport holder.

[Reporter] If those who have returned to Hong Kong before 1 July 1997 want to stay after 1997 as foreign citizens, do they have to declare?

[Lu Ping] Of course they have to declare to the Immigration Department. When their passports are confirmed by the Immigration Department to be valid, they may stay in Hong Kong as foreign citizens.

[Reporter] For Hong Kong residents who have obtained British passports through the right of abode and have emigrated to Britain or other countries, will the SAR Government regard them as British citizens if they enter Hong Kong after 1997 with British passports?

[Lu Ping] We had stated long ago that the right of abode in Britain will not be acknowledged because it does not conform to our Nationality Law, which stipulates that a person settling abroad for a period of time and obtaining a foreign passport in light of the local law will forfeit his Chinese nationality. However, those obtaining the right of abode have not settled down in Britain. If you want to obtain foreign nationality, you must first apply to give up your Chinese nationality.

Moreover, as the British Government has contravened the commitment it made in the Sino-British Joint Declaration and the memorandum, we cannot acknowledge the right of abode in Britain. We will regard those returning to Hong Kong with the right of abode as Chinese citizens. Whether they are BNO [British National (Overseas)] or right of abode passport holders, we regard them all as Chinese citizens after 1997. Hence, these people cannot declare themselves as British citizens. This is clearly stated in the memorandum.

[Reporter] How would you differentiate?

[Lu Ping] That is a technical problem. We will have to see when the passports were obtained and whether these people have settled in Britain.

However, I believe that this will not affect most of the Hong Kong residents who have obtained the right of abode in Britain and it will be unnecessary to check whether they have obtained passports or right of abode. Unless you want to become the chief executive, major officials, executive members, judges of the Court

of Final Appeal, or take part in Legislative Council elections, you do not have to declare what kind of passport you are holding or whether you have the right of abode in a country. It is stipulated in the Basic Law that the aforementioned officials must be permanent Hong Kong residents and must be Chinese citizens with no right of abode in a foreign country.

[Reporter] Can Hong Kong inhabitants retain their permanent Hong Kong residency when they enter Hong Kong before 1997 as foreign passport holders and register as foreign citizens?

[Lu Ping] As the "Nationality Law" will come into effect on 1 July 1997, which is not retroactive, those who have obtained permanent residency before 30 June 1997 may retain it after 1 July 1997.

[Reporter] If Hong Kong returnees enter with foreign passports but fail to declare later, what should be done?

[Lu Ping] Without declaration, they will be regarded as Chinese citizens. Of course they will have no foreign consular protection. In fact, they will be regarded as Chinese citizens with right of abode in another country.

[Reporter] If Hong Kong returnees holding foreign passports stay in Hong Kong in their capacity as Chinese citizens and their foreign passports are merely regarded as travel documents, does the SAR have the right to unilaterally declare that it does not recognize the consular protection for foreign passport holders?

[Lu Ping] This state of affairs exists in Hong Kong as well as in other countries. Some countries even recognize dual nationality. Of course China does not recognize dual nationality. This problem can be resolved by following international standards. Hong Kong must follow relevant Chinese laws, which include the Nationality Law, as well as general international standards.

[Reporter] If Hong Kong returnees holding foreign passports have not declared their permanent residency, how will the SAR Government handle with their nationality problem?

[Lu Ping] The Hong Kong Immigration Department has records of those born in Hong Kong, the period of their stay in Hong Kong, and whether they are permanent residents, which can be easily checked.

[Reporter] Will Hong Kong residents be deprived of their Chinese citizen status if they emigrate after 30 June 1997?

[Lu Ping] In accordance with the "Basic Law," there is no problem with the demarcation line of 1 July 1997 for Chinese citizens who emigrate after 30 June 1997 and return to Hong Kong in their status as Chinese citizens because Chinese citizens do not meet the requirements

of being permanent Hong Kong residents. So long as a person is born in Hong Kong or has stayed in Hong Kong for seven years, he becomes a permanent Hong Kong resident.

A foreigner, however, must stay in Hong Kong for seven years and also take Hong Kong as his permanent place of residence. If a foreigner is a permanent Hong Kong resident but later leaves Hong Kong for a long time, it would mean that he has not taken Hong Kong as his permanent place of residence and he is disqualified in this regard. Under such circumstances, if he returns as a foreign citizen, he must stay for another seven years to become permanent Hong Kong resident and must also take Hong Kong as his permanent place of residence.

[Reporter] Will the SAR Government's lenient treatment toward Hong Kong returnees encourage Hong Kong people to emigrate?

[Lu Ping] This is not a question of encouraging emigration. Hong Kong inhabitants have the right to choose the option of emigration. We will not encourage or place any obstacle because it is a personal freedom.

There are many practices in related international standards, including so-called local preferences; for instance, a Canadian passport holder may seek local consular protection if he encounters problems in Canada. If a SAR passport holder gets into trouble in the United States, he may seek Chinese consular protection in the United States.

[Reporter] A PC member expressed opposition to the establishment of the provisional legislature at today's meeting. Do you think he can still enter the provisional legislature or the Selection Committee?

[Lu Ping] We think it regrettable that a PC member has responded to Mr. Patten's call! Since he is against the establishment of the provisional legislature, of course he is not eligible to join the Selection Committee or become a member of the provisional legislature. The tasks of the Selection Committee are to elect a provisional legislature and the first chief executive. Since he is against the provisional legislature, he is not qualified to join the Selection Committee. I have not just today made these remarks. He was informed beforehand, but he has the right to express his opposition.

[Reporter] It is said that the Liaison Office of the Hong Kong Government is waiting for cooperation with the PC. Have you made any relevant arrangements?

[Lu Ping] The meeting of chairmen has discussed the question and the PC has prepared a list. We hope that the British side will cooperate fully with us in this regard. The relevant proposals will be submitted to the British

side through the PC's Hong Kong Office. The list of proposals will be announced later when the British side has received a copy.

[Reporter] Has the PC decision on the status of Hong Kong residents overturned the proposal made by the Preliminary Working Committee [PWC], which took 1997 as a demarcation line?

[Lu Ping] Actually, the proposal of the PWC Social and Security Panel on the definition of permanent residents does not have a demarcation line for Chinese citizens. Those returning to Hong Kong before or after 1997 are Chinese citizens. It is aimed at foreigners because those who do not take Hong Kong as their permanent place of residence have no right of abode. But they still have the right to enter and leave Hong Kong, and the right to work, except for the right to elect and be elected. By taking overall consideration in light of the Nationality Law, there will be no problem if Hong Kong inhabitants return to Hong Kong after 1997 in their capacity as Chinese citizens. If they return in the capacity as foreign citizens, there will still be a demarcation line of 1 July. If they want to stay in Hong Kong in their capacity as foreign citizens, they cannot have permanent residency unless they stay for seven years. Those studying abroad for one or two years may include this period in the seven years' stay.

#### **Hong Kong: Nationality Law, Travel Documents Examined**

*HK2603083696 Hong Kong TA KUNG PAO  
in Chinese 23 Mar 96 p A1*

["Special dispatch" by staff reporters Liu Yue-ying (0491 4727 3841) and Li Pao-char (2621 1405 1292) from Beijing on 22 March: "Nationality Law and Travel Documents"]

#### **[PTS Translated Text for FBIS] Resolving Problems by a Lenient Method**

The Legal Panel of the Preparatory Committee has proposed that foreign passports held by Hong Kong people be regarded as travel documents after 1997 and that these people freely choose their nationality. Some people may ask: Is this practice a breach of China's Nationality Law? How will the National People's Congress [NPC] Standing Committee interpret [jie shi 6043 6847] the implementation of the Nationality Law in the Hong Kong Special Administrative Region [SAR]? Will these interpretive provisions [jie shi gui ding 6043 6847 6016 1353] be tantamount to legislation?

According to Clause 3 of China's Nationality Law, China does not recognize dual nationality of its citizens. Clause 9 provides that if Chinese citizens residing in a

foreign country voluntarily join [jia ru 0502 0354] or obtain foreign nationality, they will automatically lose their Chinese nationality. The Nationality Law will be made public or implemented through legislation by the Hong Kong SAR after 1997. The nationality issue of Hong Kong people must conform to the provisions of China's Nationality Law.

#### **Considering the Reality in Hong Kong**

When discussing the nationality issue of Hong Kong people in Osaka last year, Qian Qichen, vice premier of the State Council and foreign minister, pointed out: It is necessary to resolve this issue by a lenient [kuan song 1401 2646] method and try as far as possible to make it convenient for Hong Kong people to preserve their freedom of exit and entry. Of course, a major prerequisite is that it should comply with the provisions of China's Nationality Law and the Basic Law.

In line with the lenient principle China has consistently advocated, the Preparatory Committee has put forward a method for flexibly dealing with this problem: The foreign passports held by Hong Kong people will be regarded as travel documents in the Chinese mainland and Hong Kong. In this way, the dual nationality issue, which is impermissible under the Nationality Law, can be resolved. As for how to deal with the clause that Chinese citizens residing abroad who voluntarily join or obtain foreign passports shall automatically lose their Chinese nationality, Wu Jianfan, Preparatory Committee member and legal expert, told these reporters: The situation in Hong Kong is different from China and therefore the Nationality Law should not be copied indiscriminately but should be interpreted in light of the complex practical situation in Hong Kong.

He cited an example, saying there is a provision in the Nationality Law stating that a person whose parents are Chinese citizens or whose parent is a Chinese citizen and who was born in China is of Chinese nationality. The application of this provision in Hong Kong is different from that in the mainland. In Hong Kong, which has been under British rule for more than 100 years, the blood lineage of many people must be traced back many generations, but in China it is relatively easy to determine people's blood relationship.

As Hong Kong cannot copy the Nationality Law indiscriminately, it is necessary for the NPC Standing Committee to interpret the implementation of the Nationality Law in Hong Kong. Wu Jianfan said: In fact, all laws should be interpreted even when they are applicable. Under the Western system, a legislature is only responsible for legislation, while a court of law is an institution for interpreting laws and its interpretations are legally



binding. China's legislature is the NPC and its Standing Committee, but the legislature has the right to interpret the law. This has been stipulated in the constitution, and there is a similar provision in the Basic Law.

#### **Interpretive Provisions of the NPC Standing Committee**

When interpreting a certain law, the NPC and its Standing Committee cannot change the original meaning of the law. Otherwise, it will become new legislation rather than an interpretation of the original law. In the past, the NPC Standing Committee has also made interpretations of certain laws. For example, it has set a precedent by interpreting the PRC law on the autonomous regions of minority nationalities, but it has never made interpretive provisions of the Nationality Law.

After the NPC Standing Committee has made interpretive provisions of the Nationality Law, the provisions will be binding as the law. In the view of Lo Tak-shing, co-convenor of the legal panel of the Preparatory Committee, when adopting the method of making interpretive provisions, the NPC Standing Committee may authorize the Hong Kong SAR Government to especially handle the identity of those Chinese citizens in Hong Kong who have obtained foreign nationality and explain how this can be applied.

In any case, given the special circumstances that Hong Kong will practice "one country, two systems" and Hong Kong people running Hong Kong, it is reasonable to make special interpretations in dealing with the nationality issue of Hong Kong people. The starting point of all this is to ensure freedom of exit and entry of Hong Kong people.

#### **Hong Kong: Returnees Lose Right of Abode After Year Away**

*HK2603083296 Hong Kong HONGKONG  
STANDARD in English 26 Mar 96 p 4*

[By Philip Ho]

[PTS Transcribed Text for FBIS] All returnees who declare themselves foreigners will lose their right of abode after 1997 if they leave the territory for a continuous period of one year, a well-placed China source said yesterday.

The condition already applies to all foreigners now.

The returned emigrants would only regain their right of abode by residing in the territory for another continuous period of seven years.

The source said China had proposed this to the Joint Liaison Group earlier but a consensus had not been reached.

While agreeing with the principle, the British side had counter-proposed that the allowed period of absence should be two years instead of one. But China believes one year was generous enough when compared with the restrictions in Canada and the United States.

The source said China was not prepared to discuss this issue with Britain any more. Britain was requested to amend the existing legislation once it is informed of the decision.

The source added that the only problem left concerning the issue of right of abode concerned Filipino domestic helpers.

China and Britain had agreed that the 140,000 Filipino helpers presently working in the territory should not be granted right of abode even if they met residential requirements.

However, the government had yet to make the necessary amendments to the legislation as a court in Britain recently ruled that Filipino helpers should be eligible for right of abode even though they are required by law to go back to their homeland after each contract.

#### **Hong Kong: Lu Ping on Nationality Law Proposals**

*HK2503085796 Hong Kong SOUTH CHINA  
MORNING POST in English 25 Mar 96 p 8*

[By No Kwai-yan and Catherine Ng in Beijing]

[PTS Transcribed Text for FBIS] Lu Ping, China's top official on Hong Kong affairs, confirmed yesterday that all emigrants with foreign passports would be treated as Chinese nationals after the handover unless they declared their nationality to the Immigration Department.

But he did not clarify whether the declaration had to be made by emigrants on their arrival in Hong Kong, or sometime after the handover.

The proposed rules under which China's National People's Congress Standing Committee will define the Nationality Law relating to Hong Kong were passed by the plenum yesterday.

Mr Lu, Director of the Hong Kong and Macao Affairs Office, said emigrants who returned to Hong Kong after July next year would have to choose whether they entered as Chinese or foreign nationals.

"Those who want to be Chinese nationals can enter Hong Kong with their permanent identity cards if they still have them.

"Emigrants will have to declare their foreign nationality, for example by their passports, to the Immigration Department if they return as foreign nationals," he said.

Mr Lu added that the different application procedures, and the rights emigrants would enjoy after they decided on their nationalities, would be listed on the entry form.

He explained that emigrants would be considered Chinese nationals if they made no declaration because no one would know whether they had foreign passports.

"I can't search everybody who enters Hong Kong to see if they have foreign passports.

"Of course those who have not declared would not have consular protection rights as they are Chinese nationals."

But he dismissed the suggestion that agreement had to be made by China and other countries before it could negate their protection rights.

Any special case which arose in the territory after the handover would be dealt with according to Chinese Nationality Law and international practice, he said.

Those who entered Hong Kong with permanent identity cards, he added, would not be asked to declare what foreign passports they had.

Mr Lu also stressed that those who were permanent residents before the handover could retain their status because Chinese Nationality Law had not yet come into effect.

Holders of British passports under the British Nationality Scheme would be treated as Chinese nationals, he said, adding that the passports had never been recognised by China.

He also dismissed the idea that the proposal might encourage Hong Kong people to emigrate before next year.

"Hong Kong people have their freedom to choose.

"You need not encourage those who decide to emigrate, nor try to stop them," Mr Lu said.

#### **Hong Kong: Editorial Welcomes Nationality Plan**

*HK2503060296 Hong Kong EASTERN EXPRESS  
in English 23 Mar 96 p 11*

[Editorial: "Nationality Plan A Welcome Move"]

[PTS Transcribed Text for FBIS] The Preparatory Committee is expected to endorse a proposal which will finally settle the fraught question of nationality for people in Hong Kong after 1997. The solution is far from perfect, but it is a better deal than formerly proposed, and it does give a certain degree of flexibility, as the Chinese government had promised.

Perhaps it is not as simple and straightforward as it could have been, but it is an improvement on the suggestion by the disbanded Preliminary Working

Committee, that July 1, 1997, would be a cut-off date at which Hong Kong migrants returning to the city on a foreign passport would have to relinquish right of abode here.

Eastern Express has been urging China to reach a decision on the matter. It affects an estimated 500,000 people, and has been the subject of much anxiety.

Under the new proposal, people with right of abode in other countries can choose to enter Hong Kong using their permanent resident's card, which will result in them being regarded as a Chinese national, with voting rights and the right to stand in elections. They may retain their second passport, but only as a travel document.

Those who decide to retain the full privileges which come with their second passport will be regarded as a foreign national. They will be able to fly in and out of the special administrative region (SAR) at will, and will enjoy unconditional rights of residence and may work without restriction, but they will not have political rights, voting rights or the right to stand for election, although these rights will become available after they have been resident in the territory for seven years.

China does not recognise dual nationality, and in that respect it is in accord with general practice elsewhere. Few nations — and the United States is not one of them accept dual nationality. Britain is one of the few countries that does this. Therefore, Beijing's solution to the problem is in the spirit of the Joint Declaration.

It confirms Article 31 of the Basic Law which decrees that Hong Kong citizens shall have freedom of movement, of emigration, and are guaranteed freedom to enter or leave the SAR without special authorisation.

The security that a second passport gives Hong Kong residents will no longer apply in the same way.

The consular protection they enjoyed through a second passport must be sacrificed.

That is one of the main reasons why most people valued them, and though these passports may facilitate travel around the world much more easily than the new SAR passports, they will lose their main purpose.

Despite Britain's decision to award visa-free entry for SAR passport holders, few other countries have shown any enthusiasm for the idea, so a second passport will remain a convenience, but it will cease to be a safeguard.

The problem that remains for many second passport holders is that this compromise may not be available to them. If the country which issued the passport does not itself recognise dual nationality, the passport may be withdrawn.

This is a problem which people will have to work out, but at least they are now allowed a breathing space, before one country or another requires them to make a permanent decision.

#### **Hong Kong: Lu Ping Sets Selection Committee Requirements**

*HK2603075096 Hong Kong TA KUNG PAO in Chinese 26 Mar 96 p A2*

["Special dispatch" by reporters Liu Yueh-ying (0491 4727 3841) and Li Pao-chan (2621 1405 1292): "Lu Ping Says Selection Committee Members Must Meet Two Requirements"]

[PTS Translated Text for FBIS] Beijing, 25 Mar (TA KUNG PAO)—Lu Ping, director of the Hong Kong and Macao Affairs Office under the State Council, said here today that at the Second Plenary Session of the Preparatory Committee [PC], a committee member who opposed the setting up of a provisional legislature certainly cannot join the selection committee or the provisional legislature. To be eligible for membership of the selection committee, all nominees must sign an endorsement of the two functions of the committee. Lu Ping expressed the hope that everybody could approve of the provisional legislature. In response to Patten's remark yesterday that it was "a black day," Lu said that he agreed with this statement because it was the day the death knell sounded for Patten's constitutional reform package.

Tonight, Lu Ping held a tea party here with reporters who had come to Beijing to cover the PC meeting. When asked about a PC member voting against the setting up of the provisional legislature, Lu Ping personally held: This is a question of principle. How can a person who opposes the setting up of a provisional legislature become a member of it?

He noted: If the person changes his stand, then that will be a different matter and he will be welcome to come back. However, new requirements will be stipulated; that is, all nominees for the selection committee must sign a form that clearly lists the two functions of the committee: The first is to select the first chief executive. The second is to prepare the establishment of a provisional legislature. Only those who approve the two functions can become selection committee members.

Lu Ping said that those who do not agree to the selection committee's functions should certainly not sign this form. Only those who approve of it can join the committee. "We hope that everybody can approve of setting up the provisional legislature. It is not we, but Patten who created the provisional legislature. Without

his constitutional package, the provisional legislature would not have been established. He (Patten) said yesterday that it was a dark day for Hong Kong. I agree with this because it was the day the death knell sounded for his constitutional reform package. Patten's reform package ruined the 'through train' and undermined the smooth transition. Without his package, these problems would not have occurred."

Lu Ping indicated that setting up a provisional legislature is the only alternative. In its absence, the other choices are: One, the chief executive issues administrative decrees. Two, the PC formulates Hong Kong laws. Three, the National People's Congress enacts Hong Kong laws. None are good methods, nor do they conform to the Basic Law. As China cannot act against the Basic Law, setting up the provisional legislature is the best way, otherwise a legal "vacuum" is bound to be formed.

#### **Hong Kong: Editorial Views Dissent Over Provisional Council**

*HK2603081496 Hong Kong EASTERN EXPRESS in English 26 Mar 96 p 11*

[Editorial: "Beijing Goes Too Far With Fung"]

[PTS Transcribed Text for FBIS] Fifteen months before the Chinese flag is raised above Hong Kong, progress toward transition continues like a dog chasing its own tail. The hope that sustains us, that Hong Kong people will rule Hong Kong, remains constantly in sight, but frustratingly out of reach.

The latest row, over a Preparatory Committee [PC] member's dissent in the provisional legislature vote, makes that hope seem even more remote than ever.

Every new blow to the city's confidence is accompanied by a welter of accusation and counter-accusation. The British, through the person of the Governor, Chris Patten, lashed out at Beijing's decision to set up a provisional legislative council. The Chinese claim it was Britain which violated the Joint Agreement in the first place, and since London was not true to its pledge, Beijing is no longer obliged to honour it.

As we have said so often in the past, Hong Kong is the hapless victim of this acrimony. Like a child in a custody case, the territory is being used as a weapon by both sides.

Frederick Fung, the chairman of the Association for Democracy and People's Livelihood was apparently following his party's line when he voted against the resolution to establish a provisional legislature after the handover, and there will be many in Hong Kong



who regard his act as honourable and perhaps heroic, but the situation is so fraught with complexities that argument and debate will surround even something as straightforward as this.

From another viewpoint, Fung's dissent seems questionable, since those who were appointed to the committee knew that one of their duties was to appoint a provisional legislature. His course, they suggest, should have been to refuse the appointment.

There are two opinions, containing markedly different interpretations, held by London and Beijing towards the Joint Declaration and Basic Law. Britain takes the Joint Declaration as its blueprint for Hong Kong matters, while China sees the Basic Law as the more important document.

Neither document makes any provision for a provisional legislature, but nor was there any provision in the Joint Declaration for the British government's decision to give Hong Kong democracy before July 1997.

Possibly there would always have been an agreement to disagree between the two sovereigns, on the subject of Hong Kong after 1997. The act which altered all hope of good natured dissent between the two took place in Tiananmen Square.

Belatedly, Britain took the step that should have been taken at least a decade previously, and decided to give Hong Kong democracy in an attempt to write in added protection after that terrible event. When they did so, the British must have realised how greatly the move would anger Beijing, but perhaps no-one could have foreseen how the bitter argument between the two countries could have rebounded on Hong Kong itself. Democracy came too late to the territory. It was given to a people who, admittedly, had little interest in politics prior to Tiananmen, but neither were they given any education in the subject.

They flourished under a benign laissez-faire regime, and let administrators run the city. They had no experience of government by the people, and no reason to embrace it. When the population was jolted out of this lethargy by witnessing what a repressive regime can do, they recognised the benefits of the democratic system, but had no idea of how to participate in one. It is to Britain's discredit that even today, the universities are full of students who did not vote in the last election because no one had explained to them how to. They did not have the confidence to judge candidates, or to weigh political arguments.

It seems unlikely they will learn in the Hong Kong of the future, now that China's Foreign Minister, Qian Qichen, has denounced the electoral system and stated that the

democratic political structure does not accord with Hong Kong. He points out, quite rightly, that Hong Kong has never had democracy before, but the ulterior motive that Britain had for doing so is written quite clearly in the Chinese government's bloody act of June 4, 1989.

That is why Hong Kong fears its return to the motherland, just like the people of Taiwan, who have had much better training in the benefits of democracy, and who supported it so overwhelmingly at the weekend even while Chinese missiles were fired off their coast.

There have been many acts in recent years which suggest China is not greatly changed. One of these is the suggestion that because a Preparatory Committee member disagreed with a decision, he must be disqualified.

There is no form of democracy, East or West, which decrees that anyone who dissents is barred from office. That is totalitarianism in any language. China has gone too far.

#### **Hong Kong: Decision on Provisional Council 'Significant Move'**

*OW2503175696 Beijing XINHUA in English  
1656 GMT 25 Mar 96*

[FBIS Transcribed Text] Beijing, March 25 (XINHUA) — A decision on the establishment of the provisional legislative council of the Hong Kong Special Administrative Region [HKSAR] approved by its Preparatory Committee session Sunday [24 March] was of great importance to the smooth transition of Hong Kong.

It is also a significant move to ensure the normal operation of the future Hong Kong SAR.

The decision was made by the Second Plenary Session of the Preparatory Committee, after the British Hong Kong government clung to the wrong stand and sabotaged the "through-train" arrangement.

It is known to all that the Chinese government had always adopted a sincere attitude towards the Sino-British talks on the arrangements for the 1994/1995 elections in Hong Kong, and tried its best to make talks successful.

But, the British side created various obstacles, and suspended the negotiations unilaterally, in disregard of the fundamental interests of Hong Kong residents.

It forcefully practised a constitutional package violating the Sino-British Joint Declaration, the Basic Law, and the relevant understandings and agreements reached between the two sides, thus making the "through-train" arrangement impossible.

It is under such a circumstance that the Standing Committee of the Eighth National People's Congress (NPC) approved a decision during its Ninth Session in August 1994 that the last Legislative Council of the British Hong Kong authorities will end on June 30, 1997.

According to the "Decision of the National People's Congress on the Method for the Formation of the First Government, and the First Legislative Council of the Hong Kong Special Administrative Region" adopted in April 1990, members of the first legislative council of the Hong Kong SAR must be selected by direct elections in districts.

As this election cannot be conducted under the British rule, nor it can be fulfilled in a short time after the establishment of the SAR on July 1, 1997, it will definitely appear that there will be a "legislature vacancy" after the establishment of the SAR, if no special measures are adopted.

Under such circumstance, it is necessary for the Preparatory Committee to establish the provisional legislative council, considering the needs of making preparations for the establishment of the HK SAR, and ensuring Hong Kong's smooth transition.

In fact, in the process of establishing the Hong Kong SAR and after it is founded, the legislative departments will be responsible for, and handle, many important and complicated issues, including measures to examine and approve government budgets, to approve taxation and public expenditure, to endorse the appointment of the judges of the Court of Final Appeal and the Chief Judge of the High Court, while formulating laws to ensure the smooth transition, and normal operation of the SAR.

Therefore, the decision on establishing the provisional legislative council is the best choice to deal with "after effects" caused by the lack of the "through-train".

The provisional legislative council is to shoulder the responsibility of handling concrete matters concerning legislation at the beginning of the establishment of the Hong Kong SAR.

The council will formulate and amend laws, especially formulate laws for the effective operation of the Hong Kong SAR in accordance with the stipulations of the Basic Law and the legal procedure.

The establishment of the provisional legislative council, composed of entirely permanent Hong Kong residents, is the most appropriate way to reflect the principles of "Hong Kong people governing Hong Kong", and "a high-degree of autonomy".

The establishment of the provisional legislative council has taken into full consideration the Hong Kong people, and will be entirely beneficial for them. Those who allege "the provisional legislative council is illegal" are merely disregarding the power of the Preparatory Committee.

According to the second article of the "Decision of the National People's Congress on the Method for the Formation of the First Government, and the First Legislative Council of the Hong Kong Special Administrative Region", the Preparatory Committee shall be responsible for preparing the establishment of the Hong Kong SAR.

That's to say, the matters concerning the preparing of the establishment of the Hong Kong SAR are all within the power of the Preparatory Committee. The establishment of the provisional legislative council obviously belongs to these matters concerning the preparation for the establishment of the Hong Kong SAR.

The Preparatory Committee, as an organ of power established by the NPC, has been authorized to make decisions on matters within its functions and power, including the establishment of the provisional legislative council.

The establishment of the provisional legislative council, therefore, is by no means illegal, but of sufficient legal and theoretical base.

Though the provisional legislative council will not work for a long time, it is an important reflection of the principle of "Hong Kong people governing Hong Kong", and will surely play an important role in ensuring the effective operation of the Hong Kong SAR.

#### **Hong Kong: Britain Protests Decision on Provisional Council**

*HK2603072096 Hong Kong EASTERN EXPRESS  
in English 26 Mar 96 p 1*

[By John Ellison in London]

[PTS Transcribed Text for FBIS] London has formally protested to Beijing over the Preparatory Committee (PC) decision to form a provisional legislature in Hong Kong.

The protest was accompanied by a stern declaration by the British Foreign Secretary, Malcolm Rifkind, who said there was "no justification for any provisional legislature" and said no such arrangement existed in the Joint Declaration or the Basic Law.

Britain has pledged to wage an all-out battle to save the Legislative Council from dissolution next year, with senior Whitehall officials saying the British cabinet deplored the PC's decision and fully endorsed the denunciation by the Governor, Chris Patten, who branded it "a black day for democracy in Hong Kong".

All but one member of the PC voted on Sunday to dissolve Legco on July 1 next year and establish a provisional chamber to replace it.

Although the Beijing verdict came as little surprise to either observers or diplomats in London, it is becoming increasingly plain Britain is committed to a campaign to save "Patten's Legco" — and with it the last chance of salvaging Patten's reputation as the territory's last colonial governor, and the man who bestowed democracy upon Hong Kong.

"This is an issue we need to carry right down to the wire in 1997," one senior source said. "To accept defeat at this stage would send out all the wrong signals."

The British ambassador to Beijing, Sir Len Appleyard, was instructed to deliver the British protest to the Chinese Foreign Ministry yesterday.

In his statement last night, Rifkind said: "As the Prime Minister [John Major] said in Hong Kong earlier this month, the electoral arrangements passed by the Legislative Council in 1994 were and are wholly compatible with the Joint Declaration and the Basic Law."

"Those elected by the people of Hong Kong in record numbers should be allowed to serve their full four-year term."

"The prime minister made our position clear to Premier, Li Peng, in Bangkok. I did so with President Jiang Zemin, Premier, Li Peng, and Vice-Premier, Qian Qichen, in January."

"China needs to show that Hong Kong people really will be ruling Hong Kong, as promised in the Joint Declaration and the Basic Law. This can be achieved only if those who have been freely and openly elected by the people of Hong Kong are fully involved in the arrangements for the establishment of the SAR [special administrative region]," he said.

The diplomatic view in London is that the lingering uncertainty over the political successor to the ailing patriarch, Deng Xiaoping, is driving the Beijing leadership into an uncompromising frame of mind, as demonstrated in the Chinese reaction to the Taiwan elections.

By maintaining pressure on the Legco issue to the end, Britain will seek to maximise international reaction to China's abolition of the legislature.

Britain has gone to considerable lengths to restore the recently improved measure of co-operation with China over the future of Hong Kong — notably with a substantial compromise on the establishment of the court of final appeal.

But the provisional legislature move has returned the Sino-British relationship to one of confrontation.

Meanwhile, the British shadow foreign secretary, Robin Cook, is to visit Hong Kong at the end of next month as part of a Far East trip.

### **Hong Kong: Decision on Provisional Legislature Criticized**

HK2603065596 Hong Kong SOUTH CHINA  
MORNING POST in English 26 Mar 96 p 4

[By Fung Wai-kong]

[PTS Transcribed Text for FBIS] China should explain to Hong Kong people how the setting up of the provisional legislature fits in with the principle of "Hong Kong people ruling Hong Kong", says Chief Secretary Anson Chan Fang On-sang.

Implementing that principle meant allowing freely elected representatives of the people to take part in organising the future Special Administrative Region government, she said.

"This is the meaning of Hong Kong people ruling Hong Kong as stipulated clearly in the Joint Declaration and the Basic Law," she said.

The Government would not do anything to undermine the authority of the present Legco, Mrs Chan said. "We will co-operate fully with the current Legco."

The Government was still waiting for concrete demands from the Preparatory Committee, she said.

The Government would co-operate with the committee under the three principles laid out by the Governor in his policy speech last October.

The principles were that such co-operation was consistent with the Joint Declaration and Basic Law, did not undermine the authority of the Hong Kong Government, and did not affect the morale and loyalty of the civil service.

Democratic Party chairman Martin Lee Chu-ming said his party would make sure the Government did not provide assistance to the provisional Legco.



**Hong Kong: PC Dissenter Refuses To Accept Disqualification**

HK2603065796 Hong Kong SOUTH CHINA MORNING POST in English 26 Mar 96 p 4

[By Vivian Lee]

[PTS Transcribed Text for FBIS] Frederick Fung Kin-kee yesterday refused to accept his disqualification from the provisional legislature and the Selection Committee as final.

Returning from Beijing, where he was the only Preparatory Committee [PC] member to vote against the provisional legislature, he said he regarded the disqualification, announced by senior official Lu Ping, as Mr Lu's personal opinion.

Mr Fung said: "The eligibility criteria of the members of the Selection Committee and the provisional legislature have not been discussed and so I feel rather disappointed at what Mr Lu said."

Mr Fung is also a member of the Preparatory Committee's sub-group on the Selection Committee.

Mr Lu, the director of the Hong Kong and Macao Affairs Office, declared publicly on Sunday that Mr Fung would be barred from the two bodies because of his "no" vote. He described Mr Fung's dissenting vote as endorsing the calls of Governor Chris Patten.

But Mr Fung, chairman of the Association for Democracy and People's Livelihood, rejected the allegation and said he was merely stating his party's position. He accused Mr Patten of complicating the issue by making a statement in support of him.

Mr Patten said on Sunday that: "Hong Kong will salute the member who voted against this proposal."

Mr Fung said Mr Patten's move was not a good way to help Hong Kong people. "If he wants to help us, he should stand aside," he said.

**Hong Kong: Democratic Party Warns of 'Puppet Legislature'**

HK2603064296 Hong Kong SOUTH CHINA MORNING POST in English 26 Mar 96 p 4

[By Fung Wai-Kong and Quinton Chan]

[PTS Transcribed Text for FBIS] The Democratic Party yesterday accused Preparatory Committee legislators of destroying the territory's chances of a high degree of autonomy after the handover.

"It's no longer Hong Kong people ruling Hong Kong but Hong Kong people ruining Hong Kong," party chairman Martin Lee Chu-ming said.

He said the 13 legislators who endorsed the decision on Sunday to set up a provisional legislature had sacrificed Hong Kong people's interests to retain their seats.

By submitting to the demands of the Chinese Government, they had abandoned the mandate of the people who elected them. Their approval of the decision would help build a "puppet legislature" under the control of China, he said.

The Preparatory Committee's decision was a breach of the Joint Declaration, and the Democratic Party would continue to argue against it.

Britain should abide by its pledge to pursue the matter by all possible means.

Mr Lee praised Frederick Fung Kin-kee, the only legislator who voted against a provisional Legco, for standing firm. He regretted China's decision to bar Mr Fung from the provisional Legco and the Selection Committee.

"China is telling the world that it is not only rejecting dissenting views, but will penalise those expressing such views," Mr Lee said.

Unionist Lee Cheuk-yan said China's move ruled out everyone with an independent stance. "Mr Fung's case clearly shows Beijing's policy is not Hong Kong people governing Hong Kong, but the dogs of Beijing governing Hong Kong. Any voice different from the Beijing line will be excluded," he said.

Another independent, Emily Lau Wai-hing, urged Hong Kong people to fight for a Legco through-train. "When Taiwan has gone a step forward in democracy, Hong Kong had gone hundreds of steps backward. People of Hong Kong have to think which route the Chinese Government wants to lead us to," Ms Lau said.

The only provisional legislature she would accept was one which appointed all existing 60 legislators. But Chan Kam-lam from the Democratic Alliance for the Betterment of Hong Kong said a provisional legislature was necessary because Britain had thrown away chances of a through-train for Legco.

Another pro-China legislator, Chim Pui-chung, rejected criticism of the provisional legislature and said Chris Patten was responsible.

**Hong Kong: Editorial Praises Work of Preparatory Committee**

*HK2603074796 Hong Kong TA KUNG PAO  
in Chinese 26 Mar 96 p A2*

[Editorial: "The Day Chris Patten's Illusion Went Bankrupt"]

[PTS Translated Text for FBIS] The Second Plenary Session of the Preparatory Committee [PC] of the Hong Kong Special Administrative Region [HKSAR] has attained important results with the adoption of three resolutions and one proposal.

The above-mentioned resolutions and proposal comprise the Resolution on the Setting Up of the Provisional Legislative Council of the HKSAR, the Resolution on the Arrangements for Public Holidays in Hong Kong for the Second Half of 1997 and the Whole of 1998, the Resolution on the Setting Up of the Committee of People From All Walks of Life in Hong Kong To Mark Hong Kong's Return to the Motherland, and the Proposal of the PC Explaining the Implementation of the "Nationality Law of the PRC" in the HKSAR. It is believed that these issues, about which Hong Kong people are much concerned and regarding which they hope arrangements can be made as quickly as possible, will gain Hong Kong people's understanding and will be well received.

The PC is an organ of power set up by the National People's Congress [NPC]. It has assumed the glorious mission of preparing for the setting up of the HKSAR and must make prompt decisions on matters relating to the setting up of the HKSAR. As soon as it was founded, it went intensively into action. In less than two months it has adopted resolutions and proposals on several major issues. This shows that the PC is operating very smoothly and efficiently.

We are pleased to see that, with the exception of a certain member voting against a certain resolution, the three resolutions and one proposal have been approved unanimously at the current PC meeting. This shows that the members have a high degree of consensus on these issues. As the PC is composed of people from all strata and all quarters in Hong Kong society, it has broad representativeness. The views they expressed and the decisions they adopted at the meeting naturally reflect the common desires of all circles and all strata in Hong Kong.

The issue of the setting up of the Provisional Legislative Council and the issue of explaining the implementation of the "Nationality Law of the PRC" in the HKSAR are both relatively complex. As far back as 1994, the relevant panel of the Preliminary Committee began

conducting investigations and study on these two issues. After more than a year of deliberations, it made initial proposals to the PC. After making the proposal, the Preliminary Committee again canvassed the views of Hong Kong people. Recently, the relevant panel of the PC seriously discussed and substantiated the proposals put forward by the Preliminary Committee to make them more perfect and make them better conform to reality and then submitted them to the plenary session of the PC for deliberation. The PC operates according to its own work rules and fully promotes democracy and its members made careful considerations during discussions and voting.

Before the PC held its plenary session, Chris Patten, sensing that a resolution would be adopted on the issue of setting up the Provisional Legislative Council, called on PC members who are also Legislative Council members to "stand up" in opposition. When making policy decisions and exercising their functions and powers, PC members should proceed only according to the practical needs of resuming the exercise of sovereignty over Hong Kong, the desire to maintain Hong Kong's long-term prosperity and stability, and the overall interests of Hong Kong people, rather than being led by the nose by Patten. Consequently, with the exception of a certain member, PC members who are also Legislative Council members did not listen to Patten.

A few years ago, turning a deaf ear to China's sincere advice, Patten obstinately pursued his "three-violations" constitutional reform package and disrupted the talks on the 1994-95 Hong Kong electoral arrangements, which were in fact talks for "through train" arrangements, in the belief that he could impose a leading body propped up by him on the future HKSAR. When the NPC Standing Committee made a decision on setting up a separate kitchen and reorganizing the legislature and regional organizations of the HKSAR, Patten expressed his disbelief. He cherished the illusion that the Legislative Council organized by him could straddle 1997 and replace the First Legislative Council of the HKSAR. China warned him against daydreaming. In 1994 the Political Affairs Panel of the Preliminary Committee started making proposals on setting up a provisional Legislative Council. Still unconvinced that the last British Hong Kong Legislative Council would not be able to ride a through train, Patten tried his utmost to disparage the Preliminary Committee and organize joint attacks on the Preliminary Committee and its proposal on setting up a provisional Legislative Council in a vain attempt to change the Preliminary Committee proposal. Today, the HKSAR PC under the NFC, which is an organ of power, has adopted an official resolution

on the setting of the Provisional Legislative Council and will soon organize its systematic implementation in accordance with the resolution. Patten's illusion has become completely bankrupt.

The fact that Patten attacked the PC resolution to set up a provincial Legislative Council as a "black day for democracy" reflects his utter helplessness. This should be the day when the illusions of Patten and his followers go completely bankrupt.

As for democracy, Qian Qichen has put it clearly: With all powers concentrated exclusively in the Hong Kong governor alone, there is no democracy to speak of under colonial rule. Only when colonial rule comes to an end, Hong Kong reverts to China, the HKSAR is set up according to the principle of "one country, two systems," Hong Kong practices "Hong Kong people ruling Hong Kong" and a high degree of autonomy, and the vast numbers of Hong Kong people become masters of their own affairs will there be genuine democracy. Setting up the Provisional Legislative Council is a necessary measure to ensure Hong Kong's stable transition and a precondition for realizing democracy. What right has Patten, who has been appointed by Britain's imperial order to come to Hong Kong to exercise colonial rule, to talk about "democracy" here? Moreover, Patten's "three-violations" package was dished up by them behind closed doors and the last British Hong Kong Legislative Council was elected with such a low voting turnout. How can this be regarded as "democracy"? To put it bluntly, Patten has just taken advantage of the changes in the way the Legislative Council is produced, i.e. under the pretense of "democracy," to cover up his motive of propping up pro-British forces and extending colonial influence. It is absolutely no use for Patten to play the "democracy card" again.

#### **Hong Kong: PRC Official Says Legco Lacks Budget Authority**

HK2603062896 Hong Kong SOUTH CHINA  
MORNING POST in English 26 Mar 96 p 1

[By Catherine Ng in Beijing and Chris Yeung]

[PTS Transcribed Text for FBIS] The Sino-Hong Kong battle over the credibility of the Legislative Council entered a new phase yesterday with a mainland official saying Legco does not have the power to approve the 1997-98 budget.

A day after China formally announced the establishment of a provisional legislature at the handover, Joint Liaison Group member Chen Zuor said it was wrong to assume Legco could vote through next year's budget.

Mr Chen, head of China's expert team on the budget, said the question of whether Legco or the provisional legislature should be the body to study and approve the financial blueprint had to be discussed by the Joint Liaison Group.

The teams needed to work out a mechanism for the scrutiny and approval of the budget. "It would be wrong for anyone to say either it is the British side or the Chinese side who will decide alone," he said. "But one thing is certain. The last session of the British Hong Kong Legco cannot be allowed to scrutinise and endorse the entire 12-month 1997-98 Budget."

Mr Chen said the provisional legislature was empowered to scrutinise the handover Budget under a resolution adopted by the Preparatory Committee on Sunday.

The head of the Hong Kong and Macao Affairs Office's economic affairs department, Zhang Liangdong, said the most important thing was for the UK and China to reach a consensus on the Budget. "The question of who is to approve it or not is not important," he said.

Mr Zhang said the chief executive and his team of senior officials would certainly take part in budget talks after they were appointed later this year.

Mainland member of the Preparatory Committee Yu Xiaosong said talk of Legco passing the Budget would be irrelevant if London and Beijing reached agreement on the matter.

Britain and China, represented by Mr Chen and Secretary for the Treasury Kwong Ki-chi, reached a consensus on formulation of the Budget this month.

Mr Kwong told legislators last week there was no question who would approve the Budget: under Hong Kong laws it had to be approved by the Legco.

A government official said the two sides were yet to discuss the power of scrutiny and passage of the 1997-98 Budget. But she said: "Legco is freely, fairly and openly elected by the people of Hong Kong. The Chinese side needs to justify the decision if it wants to have the Budget passed by a provisional legislature."

The Democratic Party attacked the Chinese Government for interfering in Hong Kong's domestic affairs by empowering the provisional legislature to amend the Budget. Such a move would increase uncertainty and instability, it said.



**Hong Kong: Tung Chee-hwa Said Favored To Head SAR**

*HK2503075196 Hong Kong EASTERN EXPRESS in English 25 Mar 96 p 1*

[By Jimmy Cheung]

[PTS Transcribed Text for FBIS] The Government is supporting the shipping tycoon Tung Chee-hwa to head the special administrative region government after the handover in 1997, an administration source has said.

Tung, an executive councillor, portrayed a "reassuring" image and was well-respected internationally, the source said.

Tung, who is also a vice-director of the Preparatory Committee (PC), has been tipped as a dark horse for the chief executive's post.

The first tacit nod for a particular candidate came when the Governor, Chris Patten, told legislators recently that he had every confidence in Tung's integrity.

He said he had personally persuaded Tung to stay in the Executive Council despite concerns about a possible conflict of interest arising from Tung's China-appointed PC seat.

But the source said the Chief Secretary, Anson Chan, was still keen to grab the top post and had "obviously not given up her ambition".

However, the Government is reluctant to publicly support any candidate, fearing such a gesture might be seen as a political plot by Beijing.

Tung, the chairman of the Hong Kong-US Economic Cooperation Committee, has recently been in the international limelight after he lobbied Washington to renew China's most favoured nation trading status.

Although he has repeatedly dodged questions about his chance of leading the post-1997 administration, observers believe his high profile visit to the US marked the beginning of a campaign to increase his popularity.

The source said the attention China paid to Tung might be a smokescreen to divert attention from another front runner Leung Chun-ying.

**Hong Kong: U.S. Retains Popular Immigration Program**

*HK2503065496 Hong Kong SOUTH CHINA SUNDAY MORNING POST in English 24 Mar 96 p 6*

[By Scott McKenzie]

[PTS Transcribed Text for FBIS] The scrapping of tough immigration proposals in the United States means the 100,000 Hong Kong people who faced being thrown

out of the queue to join relatives in the US will be allowed to pursue their applications.

More than half the visas issued by the US consulate in Hong Kong are in the "brother-sister" category, whereby relatives in the US can sponsor siblings to join them.

However, a controversial bill had threatened to stop the sibling programme and retrospectively cancel all pending applications.

About 55 to 60 per cent of the 12,000 applications processed in Hong Kong last year were in the sibling category.

About 40,000 applications are in the system and, with dependants, that number reaches to about 100,000.

After the 1989 Tiananmen Square massacre, sibling sponsorships from Hong Kong increased threefold from an average of 6,500 cases a year. But there is often a 10-year delay at least before approvals are given.

The draft bill arose out of recommendations from a federal advisory commission panel which last year suggested across-the-board cuts in immigration numbers.

In Washington on Friday, the House of Representatives overwhelmingly voted down the curbs on legal immigration but backed tough measures targeting illegal immigration.

The proposal to curb legal immigration had received widespread condemnation in the US.

**Hong Kong: PLA Defector Planned Coup; Seeks Asylum**

*HK2503054096 Hong Kong EASTERN EXPRESS in English 25 Mar 96 p 1*

[By staff reporter]

[PTS Transcribed Text for FBIS] A high-ranking PLA [People's Liberation Army] intelligence officer claims to have formed a band of soldiers to topple the Chinese government.

Colonel Li Qike, 42, defected to Hong Kong last week and is seeking political asylum in the United States.

He recently retired from the People's Liberation Army, and is understood to have approached the US consulate last Wednesday, three days after travelling from Beijing as a tourist.

Li had served at his present rank in the Lanzhou Military Region since 1989, before becoming the political commissar for a division in Qinghai until his retirement last year. He has been living in Beijing since his retirement.

Li told the US consulate he formed a political party called the Chinese People's Party in Lanzhou in 1989, and had been planning to stage a coup in northwestern China when and if Beijing ordered the PLA to attack Taiwan.

Li said he had recruited other PLA soldiers to his party, and said his organisation is ready to stage the coup to overthrow the Beijing government at an "appropriate time".

Until the arrest of a party member by the Public Security Bureau last month, there had been more than 1,000 members, most from the Lanzhou Military Region, he claimed.

He said they ranged from division commanders to ordinary soldiers, and came from other military regions including Beijing, Chengdu and Guangzhou.

Li said they had been assessing the Taiwan Strait crisis and believed Beijing was likely to attack Taiwan in the run-up to the elections.

The party then began to increase its secret activities within the Lanzhou Military Region, working out a plan for the coup.

According to Li, they had planned to hold a mutiny in Lanzhou, control the military region, then dispatch a brigade to Beijing to stage the coup.

Fearing that the arrested soldier would inform on him on being tortured, Li decided to escape China.

Li's father is understood to have been an assistant to a former top intelligence head, Li Kenong, during the civil war in the 1940s. He died after being persecuted during the Cultural Revolution.

Li joined the PLA in 1969. Two years later, he was sent to learn foreign languages at a military school in the central city of Luoyang — a training centre for military intelligence.

After graduation, Li was transferred to Hebei province and became a secretary in the army.

He was then transferred to Shijiazhuang, Kunming and Xinjiang on training or political posts.

According to a source, Li told those who helped him defect that he had been determined to overthrow the Chinese government since his father's death.

"He has been trained in military intelligence, that background has helped him to develop activities of his underground political party in the army," the source said.

Li is now being investigated by intelligence officers of the US consulate in Hong Kong.

Several senior Chinese officials defected to the US or other Western countries following the Tiananmen massacre in June 1989, including the former director of the local New China News Agency (Xinhua) Xu Jiatun, who now lives in California.

#### **Hong Kong: Asylum-Seeking Colonel Profiled**

*HK2603064096 Hong Kong TUNG FANG JIH PAO in Chinese 25 Mar 96 p 1*

[Report: "A Retired Colonel of the Mainland Escapes to Hong Kong To Seek Political Asylum in the United States"]

[PTS Translated Text for FBIS] A regimental commander with the rank of colonel who had just retired defected to Hong Kong a few days ago to seek political asylum in the West. He is now being secretly investigated by the intelligence department of the U.S. Consulate General in Hong Kong. In the past, high-ranking officers of the People's Liberation Army [PLA] have seldom defected to Hong Kong to seek political asylum in the West.

The name of the defecting officer is Li Qike [2621 1148 0344], and he is 42 years old this year. On 17 March, he came from Beijing to Hong Kong with a travel document. On 20 March, he sought political asylum with the U.S. Consulate General in Hong Kong. It is learned that Li Qike comes from the family of a senior cadre in Beijing. His father was an assistant to Li Kenong [2621 0344 6593], a founder of the CPC intelligence department. During the Great Cultural Revolution, he was persecuted to death.

It is learned that Li Qike joined the Army in 1969. Two years later, he was sent to study in Luoyang Foreign Languages School for Officers, a school run by the PLA General Staff Headquarters specially for training foreign-related intelligence personnel. After graduation, he successively took up the posts of battalion secretary of an independent division under Hebei Military District; instructor at the Ground Forces School in Shijiazhuang, and director of the political department of a certain regiment under the former Kunming Military District and the former Xinjiang Military District. Beginning in 1989, he held, with rank of colonel, the post of regimental commander of a strategic oil depot garrison regiment in Fengxian County under the logistics department of the Lanzhou Military Region. In 1991 he was transferred to the people's armed forces department in Tongde County under Qinghai Military District as political commissar. At the end of last year, he retired from active military service and returned to Beijing.

While explaining to U.S. military intelligence personnel the reasons for his recent escape from the mainland to

seek political asylum, Li Qike stated that several years ago he had formed the "Chinese People's Party" in the Lanzhou Military Region, and had been planning to stage a coup in the northwestern part of the mainland once the PLA resorted to force to invade Taiwan.

Li Qike further told U.S. personnel that an officer in Fengxian County Oil Depot, where he had once been regimental commander, was arrested last month by domestic state security personnel while establishing contacts. Owing to the fact that many members of the "Chinese People's Party" maintained one-way contact [dan xian lian xi 0830 4848 5114 4762] with him, he feared that the arrested officer would inform on him on being tortured. Therefore, he decided to defect from the mainland. It has been learned that when escaping from the mainland he brought with him officers' uniforms and some military documents, as well as documents showing his official identity.

It has been learned by this newspaper that since entering the U.S. Consulate General in Hong Kong last Wednesday, Li Qike has never come out. It is believed that he has been taken care of by U.S. personnel.

The Hong Kong Government top leadership stratum has also been informed of the case by the U.S. side. However, because the case is sensitive and Li Qike is seeking political asylum in the United States, the Hong Kong Government is not meddling in the case.

Cases of mainland people defecting to Hong Kong to seek political asylum have occurred in the past. However, it is believed the present case is the first involving a member of the PLA seeking political asylum.

Li Qike reportedly told people who assisted him in seeking political asylum: After his father was persecuted to death during the Cultural Revolution, he was determined to engage in activities to overthrow the present regime. Therefore, to date he has not married. After his graduation from the Luoyang Foreign Language School for Officers in 1971, he made use of his special capacity as a member of the intelligence personnel at General Staff Headquarters to make contacts in units where he served. In 1989, he assumed the post of garrison regimental commander of the military's Fengxian County Oil Depot.

Li Qike reportedly told U.S. personnel that the basic aim of forming the "Chinese People's Party," which consisted mainly of servicemen, was planning to stage a coup in the Army at an "appropriate time" to overthrow the present regime. He also claimed that until the arrest of a party member last month, there had been more than 1,000 members. The highest post among his party

members is division commander, and they come mainly from the Lanzhou Military Region. There are also a small number of party members in Beijing, Chengdu and Guangzhou Military Regions.

Li Qike also said that when the PLA conducted military exercises in the Taiwan Strait, they assessed the cross-strait situation and believed that the possibility of war existed. Therefore, since last month the party had sent some members to Lanzhou Military Region to make contacts to try to control the military region once war broke out. After that they would dispatch mobile response troops to Beijing. *Certificate of Demobilization*

Name: Li Qike

Sex: Male

Nationality: Han

Date of Birth: August 1953

Native Place: Huanyuan, Shanxi

This is to certify that Comrade Li Qike joined the People's Liberation Army in 1969. He formerly worked in the People's Armed Forces Department of Tongde County in Qinghai Province, in the position of political commissar. In 1992, the military rank of colonel was conferred on him. In accordance with the relevant stipulations of the "Service Regulations on Chinese People's Liberation Army Officers on Active Service," his demobilization from the army has been approved.

*Central Military Commission of the People's Republic of China* [preceding passage has superimposed on it a circular chop comprising the symbol of the Central Military Commission of the PRC surrounded by the same words as in the passage]

20 July 1995

#### **Hong Kong: U.S. Consulate Refuses To Confirm Defection**

HK2603075296 Hong Kong EASTERN EXPRESS  
in English 26 Mar 96 p 3

[By Karin Bishop]

[PTS Transcribed Text for FBIS] The United States consulate has refused to comment on reports that a senior People's Liberation Army officer defected in Hong Kong last week seeking political asylum in the US.

Colonel Li Qike, 42, is believed to have arrived in the territory last week.

However, a public affairs officer with the US Information Service in Hong Kong, Norma Harris, yesterday refused to confirm whether Li had sought asylum. "It is



our policy never to comment one way or the other on these reports," she said.

News of Li's defection came to light this week, amid reports that he approached the US consulate last Wednesday after travelling from Beijing on a tourist visa.

It is understood that Li recently retired from his position as political commissar for a PLA division in Qinghai and had been living in Beijing.

On arrival in Hong Kong, he allegedly told the consulate that he had formed a political party called the Chinese

People's Party while posted in Lanzhou in 1989 and had been planning a coup to overthrow the Beijing government if they ordered the PLA to attack Taiwan.

Li said his decision to flee had been prompted by the recent arrest of one of his party members, because he feared the captive officer may inform on him.

It is understood that his case is now being investigated by US intelligence officers attached to the consulate.

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